

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 16-55, 16-65, 17-10, and 31-25 and by adding Sections 1-23 and 16-183 as follows:

(35 ILCS 200/1-23 new)

Sec. 1-23. Compulsory sale. "Compulsory sale" means (i) the sale of real estate for less than the amount owed to the mortgage lender or mortgagor, if the lender or mortgagor has agreed to the sale, commonly referred to as a "short sale" and (ii) the first sale of real estate owned by a financial institution as a result of a judgment of foreclosure, transfer pursuant to a deed in lieu of foreclosure, or consent judgment, occurring after the foreclosure proceeding is complete.

(35 ILCS 200/16-55)

Sec. 16-55. Complaints. On written complaint that any property is overassessed or underassessed, the board shall review the assessment, and correct it, as appears to be just, but in no case shall the property be assessed at a higher percentage of fair cash value than other property in the assessment district prior to equalization by the board or the

Department. The board shall include compulsory sales in reviewing and correcting assessments, including, but not limited to, those compulsory sales submitted by the taxpayer, if the board determines that those sales reflect the same property characteristics and condition as those originally used to make the assessment. The board shall also consider whether the compulsory sale would otherwise be considered an arm's length transaction. A complaint to affect the assessment for the current year shall be filed on or before the 10th day of August in counties with less than 150,000 inhabitants and on or before the 10th day of September in counties with 150,000 or more but less than 3,000,000 inhabitants, except if the assessment books containing the assessment complained of are not filed with the board of review by the 10th day of July in a county with fewer than 150,000 inhabitants or by the 10th day of August in a county with 150,000 or more but less than 3,000,000 inhabitants, then the complaint shall be filed on or before 30 calendar days after the date of publication of the assessment list under Section 12-10. The board may also, at any time before its revision of the assessments is completed in every year, increase, reduce or otherwise adjust the assessment of any property, making changes in the valuation as may be just, and shall have full power over the assessment of any person and may do anything in regard thereto that it may deem necessary to make a just assessment, but the property shall not be assessed at a higher percentage of fair cash value than the

assessed valuation of other property in the assessment district prior to equalization by the board or the Department. No assessment shall be increased until the person to be affected has been notified and given an opportunity to be heard, except as provided below. Before making any reduction in assessments of its own motion, the board of review shall give notice to the assessor or chief county assessment officer who certified the assessment, and give the assessor or chief county assessment officer an opportunity to be heard thereon. All complaints of errors in assessments of property shall be in writing, and shall be filed by the complaining party with the board of review, in duplicate. The duplicate shall be filed by the board of review with the assessor or chief county assessment officer who certified the assessment. In all cases where a change in assessed valuation of \$100,000 or more is sought, the board of review shall also serve a copy of the petition on all taxing districts as shown on the last available tax bill at least 14 days prior to the hearing on the complaint. All taxing districts shall have an opportunity to be heard on the complaint. Complaints shall be classified by townships or taxing districts by the clerk of the board of review. All classes of complaints shall be docketed numerically, each in its own class, in the order in which they are presented, in books kept for that purpose, which books shall be open to public inspection. Complaints shall be considered by townships or taxing districts until all complaints have been heard and

passed upon by the board.

(Source: P.A. 86-345; 86-413; 86-1028; 86-1481; 88-455.)

(35 ILCS 200/16-65)

Sec. 16-65. Equalization process. The board of review shall act as an equalizing authority, if after equalization by the supervisor of assessments the equalized assessed value of property in the county is not 33 1/3% of the total fair cash value. The board shall, after notice and hearing as required by Section 12-40, lower or raise the total assessed value of property in any assessment district within the county so that the property, other than farm and coal property assessed under Sections 10-110 through 10-140 and Sections 10-170 through 10-200, will be assessed at 33 1/3% of its fair cash value.

For each assessment district of the county, the board of review shall annually determine the percentage relationship between the valuations at which property other than farm and coal property is listed and the estimated 33 1/3% of the fair cash value of such property. To make this analysis, the board shall use at least 25 property transfers, or a combination of at least 25 property transfers and property appraisals, such information as may be submitted by interested taxing bodies, or any other means as it deems proper and reasonable. If there are not 25 property transfers available, or if these 25 property transfers do not represent a fair sample of the types of properties and their proportional distribution in the

assessment district, the board shall select a random sample of properties of a number necessary to provide a combination of at least 25 property transfers and property appraisals as much as possible representative of the entire assessment district, and provide for their appraisal. The township or multi-township assessor shall be notified of and participate in the deliberations and determinations.

In assessment year 2011, the board of review shall consider compulsory sales in its equalization process.

The board of review, in conjunction with the chief county assessment officer, shall determine the number of compulsory sales from the prior year for the purpose of revising and correcting assessments. The board of review shall determine if the number of compulsory sales is at least 25% of all property transfers within the neighborhood, township, multi-township assessment district, or other specific geographic region in the county for that class of property, but shall exclude from the calculation (i) all property transfers for which the property characteristics and condition are not the same as those characteristics and condition used to determine the assessed value and (ii) any property transfer that is not an arm's length transaction based on existing sales ratio study standards (except for compulsory sales). If the board determines that the number of compulsory sales is at least 25% of all property transfers within the defined geographic region for that class of property, then the board of review must

determine (i) the median assessment level of arm's length transactions and (ii) the median assessment level of compulsory sales. If the median assessment level of compulsory sales is higher than the median assessment level of arm's length transactions, then compulsory sales shall be included in the arm's length transaction study and the board must calculate the new median assessment level. Assessed values of properties within the specific geographic area for that class of property must be revised to reflect this new median assessment level. The revised median assessment level shall be the basis for equalization as otherwise provided in this Section.

With the ratio determined for each assessment district, the board shall ascertain the amount to be added or deducted from the aggregate assessment on property subject to local assessment jurisdiction, other than farm and coal property, to produce a ratio of assessed value to 33 1/3% of the fair cash value equivalent to 100%. However, in determining the amount to be added to the aggregate assessment on property subject to local jurisdiction in order to produce a ratio of assessed value to 33 1/3% of the fair cash value equivalent to 100%, the board shall not, in any one year, increase or decrease the aggregate assessment of any assessment district by more than 25% of the equalized valuation of the district for the previous year, except that additions, deletions or depletions to the taxable property shall be excluded in computing the 25% limitation. The board shall complete the equalization by the

date prescribed in Section 16-35 for the board's adjournment, and, within 10 days thereafter, shall report the results of its work under this Section to the Department. At least 30 days prior to its adjournment, the board shall publish a notice declaring whether it intends to equalize assessments as provided in this Section. The notice shall be published in a newspaper of general circulation in the county. If the board fails to report to the Department within the required time, or if the report discloses that the board has failed to make a proper and adequate equalization of assessments, the Department shall direct, determine, and supervise the assessment so that all assessments of property are relatively just and equal as provided in Section 8-5.

(Source: P.A. 84-1343; 88-455.)

(35 ILCS 200/16-183 new)

Sec. 16-183. Compulsory sales. The Property Tax Appeal Board shall consider compulsory sales of comparable properties for the purpose of revising and correcting assessments, including those compulsory sales of comparable properties submitted by the taxpayer.

(35 ILCS 200/17-10)

Sec. 17-10. Sales ratio studies. The Department shall monitor the quality of local assessments by designing, preparing and using ratio studies, and shall use the results as

the basis for equalization decisions. In compiling sales ratio studies, the Department shall exclude from the reported sales price of any property any amounts included for personal property and, for sales occurring through December 31, 1999, shall exclude seller paid points. The Department shall not include in its sales ratio studies sales of property which have been platted and for which an increase in the assessed valuation is restricted by Section 10-30. The Department shall not include in its sales ratio studies the initial sale of residential property that has been converted to condominium property. The Department shall include compulsory sales occurring on or after January 1, 2011 in its sales ratio studies. The Department shall also consider whether the compulsory sale would otherwise be considered an arm's length transaction, based on existing sales ratio study standards.

When the declaration required under the Real Estate Transfer Tax Law contains financing information required under Section 31-25, the Department shall adjust sales prices to exclude seller-paid points and shall adjust sales prices to "cash value" when seller related financing is used that is different than the prevailing cost of cash. The prevailing cost of cash for sales occurring on or after January 1, 1992 shall be established as the monthly average 30-year fixed Primary Mortgage Market Survey rate for the North Central Region as published weekly by the Federal Home Loan Mortgage Corporation, as computed by the Department, or such other rate as determined

by the Department. This rate shall be known as the survey rate. For sales occurring on or after January 1, 1992, through December 31, 1999, adjustments in the prevailing cost of cash shall be made only after the survey rate has been at or above 13% for 12 consecutive months and will continue until the survey rate has been below 13% for 12 consecutive months. For sales occurring on or after January 1, 2000, adjustments for seller paid points and adjustments in the prevailing cost of cash shall be made only after the survey rate has been at or above 13% for 12 consecutive months and will continue until the survey rate has been below 13% for 12 consecutive months. The Department shall make public its adjustment procedure upon request.

(Source: P.A. 91-555, eff. 1-1-00.)

(35 ILCS 200/31-25)

Sec. 31-25. Transfer declaration. At the time a deed, a document transferring a controlling interest in real property, or trust document is presented for recordation, or within 3 business days after the transfer is effected, whichever is earlier, there shall also be presented to the recorder or registrar of titles a declaration, signed by at least one of the sellers and also signed by at least one of the buyers in the transaction or by the attorneys or agents for the sellers or buyers. The declaration shall state information including, but not limited to: (a) the value of the real property or

beneficial interest in real property located in Illinois so transferred; (b) the parcel identifying number of the property; (c) the legal description of the property; (d) the date of the deed, the date the transfer was effected, or the date of the trust document; (e) the type of deed, transfer, or trust document; (f) the address of the property; (g) the type of improvement, if any, on the property; (h) information as to whether the transfer is between related individuals or corporate affiliates or is a compulsory transaction; (i) the lot size or acreage; (j) the value of personal property sold with the real estate; (k) the year the contract was initiated if an installment sale; (l) any homestead exemptions, as provided in Sections 15-170, 15-172, 15-175, and 15-176 as reflected on the most recent annual tax bill; ~~and~~ (m) the name, address, and telephone number of the person preparing the declaration; and (n) whether the transfer is pursuant to compulsory sale. Except as provided in Section 31-45, a deed, a document transferring a controlling interest in real property, or trust document shall not be accepted for recordation unless it is accompanied by a declaration containing all the information requested in the declaration. When the declaration is signed by an attorney or agent on behalf of sellers or buyers who have the power of direction to deal with the title to the real estate under a land trust agreement, the trustee being the mere repository of record legal title with a duty of conveying the real estate only when and if directed in writing

by the beneficiary or beneficiaries having the power of direction, the attorneys or agents executing the declaration on behalf of the sellers or buyers need identify only the land trust that is the repository of record legal title and not the beneficiary or beneficiaries having the power of direction under the land trust agreement. The declaration form shall be prescribed by the Department and shall contain sales information questions. For sales occurring during a period in which the provisions of Section 17-10 require the Department to adjust sale prices for seller paid points and prevailing cost of cash, the declaration form shall contain questions regarding the financing of the sale. The subject of the financing questions shall include any direct seller participation in the financing of the sale or information on financing that is unconventional so as to affect the fair cash value received by the seller. The intent of the sales and financing questions is to aid in the reduction in the number of buyers required to provide financing information necessary for the adjustment outlined in Section 17-10. For sales occurring during a period in which the provisions of Section 17-10 require the Department to adjust sale prices for seller paid points and prevailing cost of cash, the declaration form shall include, at a minimum, the following data: (a) seller paid points, (b) the sales price, (c) type of financing (conventional, VA, FHA, seller-financed, or other), (d) down payment, (e) term, (f) interest rate, (g) type and description of interest rate

(fixed, adjustable or renegotiable), and (h) an appropriate place for the inclusion of special facts or circumstances, if any. The Department shall provide an adequate supply of forms to each recorder and registrar of titles in the State.

(Source: P.A. 93-657, eff. 6-1-04; 94-489, eff. 8-8-05.)

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