

COMMERCIAL STATE LEGISLATIVE REPORT

Here is a summary of the major bills that were introduced and considered in the 2019 Session of the Illinois General Assembly that affect commercial real estate. The Session was concluded on June 2nd, 2019.

RENT CONTROL MEASURE VOTED DOWN IN HOUSE COMMITTEE

After three years of anticipation and intense lobbying by both proponents and opponents of rent control, **House Bill 255** (Guzzardi), which sought to repeal the state's Rent Control Preemption Act was finally called for the first vote on the issue in March. Illinois REALTORS is pleased to report that the measure FAILED in the House Commercial Law Subcommittee of the House Judiciary Civil Law Committee on a roll call of 2-4-1. Representatives Jennifer Gong-Gershowitz (D) and Daniel Didech (D) voted YES; Representatives Rita Mayfield (D), Curtis Tarver, II (D), Deanna Mazzochi (R) and Margo McDermed (R) voted NO and Chairman Andre Thapedi (D) voted PRESENT.

This issue has been the subject of intense discussion, research, lobbying, grassroots and public outreach. OVER 10,000 ILLINOIS REALTORS® responded to our Call-For-Action on this issue. This is merely the first skirmish in what may be a long battle.

COOK COUNTY ASSESSOR INITIATIVE STALLS IN HOUSE

Senate Bill 1379 (Hutchison/Davis), the initiative of the Cook County Assessor to establish vague and onerous reporting requirements for tax purposes on most income-producing properties in Cook County was NOT CALLED for a vote in the full House before the end of the Spring Session. The bill covers all income-producing properties except those valued at \$100,000 or less, residential property with 6 or fewer units and farmland. As you are well aware, this legislation has generated significant opposition from a large coalition including: the Illinois REALTORS®, the Inland Real Estate Group, the Taxpayers' Federation of Illinois, the Civic Federation, BOMA/Chicago, BOMA/Suburban Chicago, the Illinois Chamber of Commerce, the Chicagoland Chamber of Commerce, the Southland Chamber of Commerce, the Illinois Retail Merchants Association, the National Federation of Independent Business, the Illinois Manufacturers' Association, the Illinois Farm Bureau, the Chemical Industry Council of Illinois, the Grain and Feed Association of Illinois, the Illinois CPA Society and the Illinois Fertilizer and Chemical Association. This bill did pass the Senate in April on a roll call vote of 36-16-1. While Cook is automatically authorized to adopt these new provisions, other counties are authorized to opt-in. Assessor Kaegi has vowed to bring the bill back up in the Fall veto session (scheduled for October/November). We will remain vigilant on efforts to move this bill and will remain engaged with the coalition to ensure that the bill is either defeated or modified to address the many concerns with the current language.

RETAINAGE PROVISIONS IN COMMERCIAL CONSTRUCTION CONTRACTS

In May both chambers approved **Senate Bill 1636** (Mulroe/Arroyo) and now the bill goes to the Governor (for his expected approval). This bill is a repeat of legislation that was approved in the General Assembly in 2018 but VETOED by Governor Rauner. SB 1636 establishes certain parameters for the terms of "retainage" provisions in a contract between a commercial real estate developer and businesses that contract to do work for the

developer. The bill limits the retainage provision in commercial construction contracts to 10% and requires the retainage amount to be reduced to 5% once 50% of the work is completed.

TAX INCREMENT FINANCING (TIF) DISTRICTS

The Senate and House approved a TIF related bill in this Session. **House Bill 2209** (Yingling/Fine) will require all property tax bills to contain a list of each tax increment financing (TIF) district in which the property is located and the dollar amount of tax due that is allocable to the TIF district. While many jurisdictions provide this information, this bill makes it a statewide requirement. The bill was sent to the Governor for his approval.

FIRST RESPONDER ENDANGERMENT PASSES HOUSE

In April, the House unanimously approved **House Bill 841** (Willis). This bill is a repeat of a measure negotiated in the 2017 and 2018 legislative sessions. The bill amends the Criminal Code to add the new offense "First Responder Endangerment". A person would commit this offense when he or she (1) knowingly creates a dangerous condition and (2) intentionally conceals the dangerous condition in a commercial property under his or her management or operational control and, (3) the dangerous condition is the primary cause of the death or serious bodily injury of a first responder in the course of his or her official duties. Key terms were also defined in the bill and the new offense was established as a Class 4 felony. The Illinois REALTORS® is NEUTRAL. The bill has been sent to the Senate for their consideration but no action was taken on this bill in the Senate before the Session adjournment on June 2nd.

WETLANDS PROTECTION ACT

Senate Bill 1352 would enact the "Wetlands Protection Act." The bill would grant broad authority to the Illinois EPA on the classification and delineation of wetlands as well as the permitting of "regulated activities" in wetlands (infill, dredging, etc.). The bill did not pass out of Committee and is currently inactive.

LIMITED USE OF COMPARABLES WITH APPEALS FOR CERTAIN COMMERCIAL PROPERTIES

Senate Bill 1160 provides that, with respect to non-residential property, neither the board of review nor the Property Tax Appeal Board may consider comparable real property sales made subject to a private restriction or covenant in connection with the sale or rental of the property if that private restriction or covenant substantially impairs the use of the comparable property as compared to the property subject to assessment, or if that private restriction or covenant materially increases the likelihood of vacancy or inactivity on the property. This bill did not pass out of the Senate Revenue Committee and is inactive.