

SALE IN ERROR INTEREST FUND

Dear School District Administrators:

You should have recently received from the Cook County Treasurer's Chief Counsel a letter and copies of certain court orders about the Sale in Error Interest Fund. These refer to a very arcane process of which you might not have been aware and about which the Treasurer's letter does not elaborate.

A "sale in error" is the sale of real property for unpaid back taxes when, under various statutorily prescribed circumstances, the property should never have been taxed in the first place. The most common example is publicly owned property. When the Court or Treasurer declares a sale in error, the person who purchased the property for back taxes is entitled not only to receive his money back but to receive interest on what he paid as well. When there is insufficient money in the County's fund to do this, the County Treasurer has the right to ask the Circuit Court to order the taxing bodies to pay the interest. That is what happened here, at least for the tax sales going back to 2003, 2004, and 2005.

I have checked with the County Treasurer's office. While this notice is going out to all 800+ taxing bodies in the County, it will only affect those taxing bodies which have had a sale in error for a parcel within their boundaries for the subject years. Even then, obligation for the interest payment will be split pro rata among each of the taxing districts in the community. **Thus, I expect that your district will suffer very little, if any, actual revenue loss as a result of these orders.** Unfortunately, the County Treasurer cannot (at least will not) give any district an estimate of what this revenue loss will be.

Further, no district will have to issue a check to the County for its share of the interest payment to the tax purchasers. Just as she does for paying tax refunds in assessment cases (PTAB and "specific objections") and tax rate objection cases ("illegal rate"), the County Treasurer will simply subtract your share of the burden from future property tax distributions. The deduction will eventually show up on your district's Statement of Distribution report, where there are transaction codes on the bottom for the various types of refunds.

The County Treasurer's Chief Counsel told me that she is working on legislation which would avoid or at least lessen the taxing districts' burden to pay back-tax purchasers their sale-in-error interest in the future. I asked her to keep me informed of her efforts so that I can enlist the support of school districts for that legislation. In the meantime, there is no way to opt out of this burden, however slight it might be.

Please let me know if you have any questions.

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