

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 Section 9-275 as follows:

(35 ILCS 200/9-275)

Sec. 9-275. Erroneous homestead exemptions.

(a) For purposes of this Section:

"Erroneous homestead exemption" means a homestead exemption that was granted for real property in a taxable year if the property was not eligible for that exemption in that taxable year. If the taxpayer receives an erroneous homestead exemption under a single Section of this Code for the same property in multiple years, that exemption is considered a single erroneous homestead exemption for purposes of this Section. However, if the taxpayer receives erroneous homestead exemptions under multiple Sections of this Code for the same property, or if the taxpayer receives erroneous homestead exemptions under the same Section of this Code for multiple properties, then each of those exemptions is considered a separate erroneous homestead exemption for purposes of this Section.

"Homestead exemption" means an exemption under Section

15-165 (disabled veterans), 15-167 (returning veterans), 15-168 (disabled persons), 15-169 (disabled veterans standard homestead), 15-170 (senior citizens), 15-172 (senior citizens assessment freeze), 15-175 (general homestead), 15-176 (alternative general homestead), or 15-177 (long-time occupant).

"Erroneous exemption principal amount" means the total amount of property tax principal that would have been billed to a property index number but for the erroneous homestead exemption or exemptions a taxpayer received.

"Taxpayer" means the property owner or leasehold owner that erroneously received a homestead exemption upon property.

(b) Notwithstanding any other provision of law, in counties with 3,000,000 or more inhabitants, the chief county assessment officer shall include the following information with each assessment notice sent in a general assessment year: (1) a list of each homestead exemption available under Article 15 of this Code and a description of the eligibility criteria for that exemption; (2) a list of each homestead exemption applied to the property in the current assessment year; (3) information regarding penalties and interest that may be incurred under this Section if the property owner received an erroneous homestead exemption in a previous taxable year; and (4) notice of the 60-day grace period available under this subsection. If, within 60 days after receiving his or her assessment notice, the property owner notifies the chief county assessment officer

that he or she received an erroneous homestead exemption in a previous assessment year, and if the property owner pays the erroneous exemption principal amount ~~of back taxes due and owing with respect to that exemption~~, plus interest as provided in subsection (f), then the property owner shall not be liable for the penalties provided in subsection (f) with respect to that exemption.

(c) In counties with 3,000,000 or more inhabitants, when the chief county assessment officer determines that one or more erroneous homestead exemptions was applied to the property, the erroneous exemption principal amount, together with all applicable interest and penalties as provided in subsections (f) and (j), shall constitute a lien in the name of the People of Cook County on the property receiving the erroneous homestead exemption. The chief county assessment officer in a county with 3,000,000 or more inhabitants may cause a lien to be recorded against property that (1) is located in the county and (2) received one or more erroneous homestead exemptions if, upon determination of the chief county assessment officer, the property owner received: (A) one or 2 erroneous homestead exemptions for real property, including at least one erroneous homestead exemption granted for the property against which the lien is sought, during any of the 3 assessment years immediately prior to the assessment year in which the notice of intent to record a ~~at tax~~ lien is served; or (B) ~~(2)~~ 3 or more erroneous homestead exemptions for real property, including at

least one erroneous homestead exemption granted for the property against which the lien is sought, during any of the 6 assessment years immediately prior to the assessment year in which the notice of intent to record a a ~~at-tax~~ lien is served. Prior to recording the lien against the property, the chief county assessment officer shall cause to be served, by both regular mail and certified mail, return receipt requested, on the person to whom the most recent tax bill was mailed and the owner of record, a notice of intent to record a ~~tax~~ lien against the property.

(d) The notice of intent to record a ~~tax~~ lien described in subsection (c) shall: (1) identify, by property index number, the property against which the lien is being sought; (2) identify each specific homestead exemption that was erroneously granted and the year or years in which each exemption was granted; (3) set forth the erroneous exemption principal amount due and the interest amount and any penalty due ~~the arrearage of taxes that would have been due if not for the erroneous homestead exemptions~~; (4) inform the taxpayer ~~property owner~~ that he or she may request a hearing within 30 days after service and may appeal the hearing officer's ruling to the circuit court; and (5) inform the taxpayer ~~property owner~~ that he or she may pay the erroneous exemption principal amount due, plus interest and penalties, within 30 days after service. A lien shall not be filed pursuant to this Section if the property owner pays the erroneous exemption principal

amount, plus penalties and interest, within 30 days of service of the notice of intent to record a lien.

(e) The notice shall ~~must~~ also include a form that the property owner may return to the chief county assessment officer to request a hearing. The property owner may request a hearing by returning the form within 30 days after service. The hearing shall be held within 90 days after the property owner is served. The chief county assessment officer shall promulgate rules of service and procedure for the hearing. The chief county assessment officer must generally follow rules of evidence and practices that prevail in the county circuit courts, but, because of the nature of these proceedings, the chief county assessment officer is not bound by those rules in all particulars. The chief county assessment officer shall appoint a hearing officer to oversee the hearing. The property owner shall be allowed to present evidence to the hearing officer at the hearing. After taking into consideration all the relevant testimony and evidence, the hearing officer shall make an administrative decision on whether the property owner was erroneously granted a homestead exemption for the assessment year in question. The property owner may appeal the hearing officer's ruling to the circuit court of the county where the property is located as a final administrative decision under the Administrative Review Law.

(f) A lien against the property imposed under this Section shall be filed with the county recorder of deeds, but may not

be filed sooner than 60 days after the notice was delivered to the property owner if the property owner does not request a hearing, or until the conclusion of the hearing and all appeals if the property owner does request a hearing. If a lien is filed pursuant to this Section and the property owner received one or 2 erroneous homestead exemptions during any of the 3 assessment years immediately prior to the assessment year in which the notice of intent to record a ~~at tax~~ lien is served, then the erroneous exemption principal amount ~~arrearsages of taxes that might have been assessed for that property~~, plus 10% interest per annum or portion thereof from the date the erroneous exemption principal amount would have become due if properly included in the tax bill, shall be charged against the property by the chief county assessment officer ~~treasurer~~. However, if a lien is filed pursuant to this Section and the property owner received 3 or more erroneous homestead exemptions during any of the 6 assessment years immediately prior to the assessment year in which the notice of intent to record a ~~at tax~~ lien is served, the erroneous exemption principal amount ~~arrearsages of taxes that might have been assessed for that property~~, plus a penalty of 50% of the total amount of the erroneous exemption principal amount ~~unpaid taxes for each year~~ for that property and 10% interest per annum or portion thereof from the date the erroneous exemption principal amount would have become due if properly included in the tax bill, shall be charged against the property by the chief county

assessment officer ~~treasurer~~.

(g) If a person received an erroneous homestead exemption under Section 15-170 and: (1) the person was the spouse, child, grandchild, brother, sister, niece, or nephew of the previous property owner; and (2) the person received the property by bequest or inheritance; then the person is not liable for the penalties imposed under this Section ~~subsection~~ for any year or years during which the chief county assessment officer did not require an annual application for the exemption. However, that person is responsible for any interest owed under subsection (f).

(h) If the erroneous homestead exemption was granted as a result of a clerical error or omission on the part of the chief county assessment officer, and if the property owner has paid the ~~its~~ tax bills as received for the year in which the error occurred, then the interest and penalties authorized by this Section with respect to that homestead exemption shall not be chargeable to the property owner. However, nothing in this Section shall prevent the collection of the erroneous exemption principal amount ~~of back taxes~~ due and owing.

(i) A lien under this Section is not valid as to (1) any bona fide purchaser for value without notice of the erroneous homestead exemption whose rights in and to the underlying parcel arose after the erroneous homestead exemption was granted but before the filing of the notice of lien; or (2) any mortgagee, judgment creditor, or other lienor whose rights in

and to the underlying parcel arose before the filing of the notice of lien. A title insurance policy for the property that is issued by a title company licensed to do business in the State showing that the property is free and clear of any liens imposed under this Section shall be prima facie evidence that the property owner is without notice of the erroneous homestead exemption. Nothing in this Section shall be deemed to impair the rights of subsequent creditors and subsequent purchasers under Section 30 of the Conveyances Act.

(j) When a lien is filed against the property pursuant to this Section, the chief county assessment officer shall mail a copy of the lien to the person to whom the most recent tax bill was mailed and to the owner of record, and the outstanding liability created by such a lien is due and payable within 30 days after the mailing of the lien by the chief county assessment officer. Payment shall be made to the ~~chief~~ county treasurer. Upon ~~assessment officer who shall, upon~~ receipt of the full amount due, as determined by the chief county assessment officer, the county treasurer shall distribute the amount paid as provided in subsection (k). Upon presentment by the property owner to the chief county assessment officer of proof of payment of the total liability, the chief county assessment officer shall provide in reasonable form a release of the lien ~~and shall transmit the funds received to the county treasurer for distribution as provided in subsection (i) of this Section.~~ This liability is deemed delinquent and shall

bear interest beginning on the day after the due date at a rate of 1.5% per month or portion thereof.

(k) The county treasurer shall pay collected erroneous exemption principal amounts, pro rata, unpaid taxes shall be paid to the appropriate taxing districts, or their legal successors, that levied upon the subject property in the assessment year or years for which the erroneous homestead exemptions were granted. The county treasurer shall pay collected interest. Interest shall be paid to the county where the property is located. The county treasurer shall deposit collected penalties into a special fund established by the county treasurer to offset ~~The penalty shall be paid to the chief county assessment officer's office for the costs of~~ administration of the provisions of this amendatory Act of the 98th General Assembly by the chief county assessment officer's office, as appropriated by the county board.

(l) The chief county assessment officer in a county with 3,000,000 or more inhabitants shall establish an amnesty period for all taxpayers owing any tax due to an erroneous homestead exemption granted in a tax year prior to the 2013 tax year. The amnesty period shall begin on the effective date of this amendatory Act of the 98th General Assembly and shall run through December 31, 2013. If, during the amnesty period, the taxpayer pays the entire arrearage of taxes due for tax years prior to 2013, the county clerk shall abate and not seek to collect any interest or penalties that may be applicable and

shall not seek civil or criminal prosecution for any taxpayer for tax years prior to 2013. Failure to pay all such taxes due during the amnesty period established under this Section shall invalidate the amnesty period for that taxpayer.

The chief county assessment officer in a county with 3,000,000 or more inhabitants shall (i) mail notice of the amnesty period with the tax bills for the second installment of taxes for the 2012 assessment year and (ii) as soon as possible after the effective date of this amendatory Act of the 98th General Assembly, publish notice of the amnesty period in a newspaper of general circulation in the county. Notices shall include information on the amnesty period, its purpose, and the method by ~~in~~ which to make payment.

Taxpayers who are a party to any criminal investigation or to any civil or criminal litigation that is pending in any circuit court or appellate court, or in the Supreme Court of this State, for nonpayment, delinquency, or fraud in relation to any property tax imposed by any taxing district located in the State on the effective date of this amendatory Act of the 98th General Assembly may not take advantage of the amnesty period.

A taxpayer who has claimed 3 or more homestead exemptions in error shall not be eligible for the amnesty period established under this subsection.

(Source: P.A. 98-93, eff. 7-16-13; revised 9-11-13.)