

HB5732



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

HB5732

by Rep. David S. Olsen

SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-175

Amends the Property Tax Code. Provides that the maximum reduction under the General Homestead Exemption is \$10,000 in all counties. Indexes the maximum reductions in all counties to the Consumer Price Index. Effective immediately.

LRB100 20894 HLH 36400 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

A BILL FOR

1 AN ACT concerning revenue.

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

4 Section 5. The Property Tax Code is amended by changing
5 Section 15-175 as follows:

6 (35 ILCS 200/15-175)

7 Sec. 15-175. General homestead exemption.

8 (a) Except as provided in Sections 15-176 and 15-177,
9 homestead property is entitled to an annual homestead exemption
10 limited, except as described here with relation to
11 cooperatives, to a reduction in the equalized assessed value of
12 homestead property equal to the increase in equalized assessed
13 value for the current assessment year above the equalized
14 assessed value of the property for 1977, up to the maximum
15 reduction set forth below. If however, the 1977 equalized
16 assessed value upon which taxes were paid is subsequently
17 determined by local assessing officials, the Property Tax
18 Appeal Board, or a court to have been excessive, the equalized
19 assessed value which should have been placed on the property
20 for 1977 shall be used to determine the amount of the
21 exemption.

22 (b) Except as provided in Section 15-176, the maximum
23 reduction before taxable year 2004 shall be \$4,500 in counties

1 with 3,000,000 or more inhabitants and \$3,500 in all other
2 counties. Except as provided in Sections 15-176 and 15-177, for
3 taxable years 2004 through 2007, the maximum reduction shall be
4 \$5,000, for taxable year 2008, the maximum reduction is \$5,500,
5 and, for taxable years 2009 through 2011, the maximum reduction
6 is \$6,000 in all counties. For taxable years 2012 through 2016,
7 the maximum reduction is \$7,000 in counties with 3,000,000 or
8 more inhabitants and \$6,000 in all other counties. For taxable
9 year ~~years~~ 2017 ~~and thereafter~~, the maximum reduction is
10 \$10,000 in counties with 3,000,000 or more inhabitants and
11 \$6,000 in all other counties. For taxable year 2018, the
12 maximum reduction is \$10,000 in all counties; thereafter, the
13 maximum reduction is the maximum reduction for the prior
14 taxable year increased by the annual rate of increase for the
15 previous calendar year in the Consumer Price Index for All
16 Urban Consumers for all items published by the United States
17 Bureau of Labor Statistics. If a county has elected to subject
18 itself to the provisions of Section 15-176 as provided in
19 subsection (k) of that Section, then, for the first taxable
20 year only after the provisions of Section 15-176 no longer
21 apply, for owners who, for the taxable year, have not been
22 granted a senior citizens assessment freeze homestead
23 exemption under Section 15-172 or a long-time occupant
24 homestead exemption under Section 15-177, there shall be an
25 additional exemption of \$5,000 for owners with a household
26 income of \$30,000 or less.

1 (c) In counties with fewer than 3,000,000 inhabitants, if,
2 based on the most recent assessment, the equalized assessed
3 value of the homestead property for the current assessment year
4 is greater than the equalized assessed value of the property
5 for 1977, the owner of the property shall automatically receive
6 the exemption granted under this Section in an amount equal to
7 the increase over the 1977 assessment up to the maximum
8 reduction set forth in this Section.

9 (d) If in any assessment year beginning with the 2000
10 assessment year, homestead property has a pro-rata valuation
11 under Section 9-180 resulting in an increase in the assessed
12 valuation, a reduction in equalized assessed valuation equal to
13 the increase in equalized assessed value of the property for
14 the year of the pro-rata valuation above the equalized assessed
15 value of the property for 1977 shall be applied to the property
16 on a proportionate basis for the period the property qualified
17 as homestead property during the assessment year. The maximum
18 proportionate homestead exemption shall not exceed the maximum
19 homestead exemption allowed in the county under this Section
20 divided by 365 and multiplied by the number of days the
21 property qualified as homestead property.

22 (d-1) In counties with 3,000,000 or more inhabitants, where
23 the chief county assessment officer provides a notice of
24 discovery, if a property is not occupied by its owner as a
25 principal residence as of January 1 of the current tax year,
26 then the property owner shall notify the chief county

1 assessment officer of that fact on a form prescribed by the
2 chief county assessment officer. That notice must be received
3 by the chief county assessment officer on or before March 1 of
4 the collection year. If mailed, the form shall be sent by
5 certified mail, return receipt requested. If the form is
6 provided in person, the chief county assessment officer shall
7 provide a date stamped copy of the notice. Failure to provide
8 timely notice pursuant to this subsection (d-1) shall result in
9 the exemption being treated as an erroneous exemption. Upon
10 timely receipt of the notice for the current tax year, no
11 exemption shall be applied to the property for the current tax
12 year. If the exemption is not removed upon timely receipt of
13 the notice by the chief assessment officer, then the error is
14 considered granted as a result of a clerical error or omission
15 on the part of the chief county assessment officer as described
16 in subsection (h) of Section 9-275, and the property owner
17 shall not be liable for the payment of interest and penalties
18 due to the erroneous exemption for the current tax year for
19 which the notice was filed after the date that notice was
20 timely received pursuant to this subsection. Notice provided
21 under this subsection shall not constitute a defense or amnesty
22 for prior year erroneous exemptions.

23 For the purposes of this subsection (d-1):

24 "Collection year" means the year in which the first and
25 second installment of the current tax year is billed.

26 "Current tax year" means the year prior to the collection

1 year.

2 (e) The chief county assessment officer may, when
3 considering whether to grant a leasehold exemption under this
4 Section, require the following conditions to be met:

5 (1) that a notarized application for the exemption,
6 signed by both the owner and the lessee of the property,
7 must be submitted each year during the application period
8 in effect for the county in which the property is located;

9 (2) that a copy of the lease must be filed with the
10 chief county assessment officer by the owner of the
11 property at the time the notarized application is
12 submitted;

13 (3) that the lease must expressly state that the lessee
14 is liable for the payment of property taxes; and

15 (4) that the lease must include the following language
16 in substantially the following form:

17 "Lessee shall be liable for the payment of real
18 estate taxes with respect to the residence in
19 accordance with the terms and conditions of Section
20 15-175 of the Property Tax Code (35 ILCS 200/15-175).
21 The permanent real estate index number for the premises
22 is (insert number), and, according to the most recent
23 property tax bill, the current amount of real estate
24 taxes associated with the premises is (insert amount)
25 per year. The parties agree that the monthly rent set
26 forth above shall be increased or decreased pro rata

1 (effective January 1 of each calendar year) to reflect
2 any increase or decrease in real estate taxes. Lessee
3 shall be deemed to be satisfying Lessee's liability for
4 the above mentioned real estate taxes with the monthly
5 rent payments as set forth above (or increased or
6 decreased as set forth herein).".

7 In addition, if there is a change in lessee, or if the
8 lessee vacates the property, then the chief county assessment
9 officer may require the owner of the property to notify the
10 chief county assessment officer of that change.

11 This subsection (e) does not apply to leasehold interests
12 in property owned by a municipality.

13 (f) "Homestead property" under this Section includes
14 residential property that is occupied by its owner or owners as
15 his or their principal dwelling place, or that is a leasehold
16 interest on which a single family residence is situated, which
17 is occupied as a residence by a person who has an ownership
18 interest therein, legal or equitable or as a lessee, and on
19 which the person is liable for the payment of property taxes.
20 For land improved with an apartment building owned and operated
21 as a cooperative or a building which is a life care facility as
22 defined in Section 15-170 and considered to be a cooperative
23 under Section 15-170, the maximum reduction from the equalized
24 assessed value shall be limited to the increase in the value
25 above the equalized assessed value of the property for 1977, up
26 to the maximum reduction set forth above, multiplied by the

1 number of apartments or units occupied by a person or persons
2 who is liable, by contract with the owner or owners of record,
3 for paying property taxes on the property and is an owner of
4 record of a legal or equitable interest in the cooperative
5 apartment building, other than a leasehold interest. For
6 purposes of this Section, the term "life care facility" has the
7 meaning stated in Section 15-170.

8 "Household", as used in this Section, means the owner, the
9 spouse of the owner, and all persons using the residence of the
10 owner as their principal place of residence.

11 "Household income", as used in this Section, means the
12 combined income of the members of a household for the calendar
13 year preceding the taxable year.

14 "Income", as used in this Section, has the same meaning as
15 provided in Section 3.07 of the Senior Citizens and Persons
16 with Disabilities Property Tax Relief Act, except that "income"
17 does not include veteran's benefits.

18 (g) In a cooperative where a homestead exemption has been
19 granted, the cooperative association or its management firm
20 shall credit the savings resulting from that exemption only to
21 the apportioned tax liability of the owner who qualified for
22 the exemption. Any person who willfully refuses to so credit
23 the savings shall be guilty of a Class B misdemeanor.

24 (h) Where married persons maintain and reside in separate
25 residences qualifying as homestead property, each residence
26 shall receive 50% of the total reduction in equalized assessed

1 valuation provided by this Section.

2 (i) In all counties, the assessor or chief county
3 assessment officer may determine the eligibility of
4 residential property to receive the homestead exemption and the
5 amount of the exemption by application, visual inspection,
6 questionnaire or other reasonable methods. The determination
7 shall be made in accordance with guidelines established by the
8 Department, provided that the taxpayer applying for an
9 additional general exemption under this Section shall submit to
10 the chief county assessment officer an application with an
11 affidavit of the applicant's total household income, age,
12 marital status (and, if married, the name and address of the
13 applicant's spouse, if known), and principal dwelling place of
14 members of the household on January 1 of the taxable year. The
15 Department shall issue guidelines establishing a method for
16 verifying the accuracy of the affidavits filed by applicants
17 under this paragraph. The applications shall be clearly marked
18 as applications for the Additional General Homestead
19 Exemption.

20 (i-5) This subsection (i-5) applies to counties with
21 3,000,000 or more inhabitants. In the event of a sale of
22 homestead property, the homestead exemption shall remain in
23 effect for the remainder of the assessment year of the sale.
24 Upon receipt of a transfer declaration transmitted by the
25 recorder pursuant to Section 31-30 of the Real Estate Transfer
26 Tax Law for property receiving an exemption under this Section,

1 the assessor shall mail a notice and forms to the new owner of
2 the property providing information pertaining to the rules and
3 applicable filing periods for applying or reapplying for
4 homestead exemptions under this Code for which the property may
5 be eligible. If the new owner fails to apply or reapply for a
6 homestead exemption during the applicable filing period or the
7 property no longer qualifies for an existing homestead
8 exemption, the assessor shall cancel such exemption for any
9 ensuing assessment year.

10 (j) In counties with fewer than 3,000,000 inhabitants, in
11 the event of a sale of homestead property the homestead
12 exemption shall remain in effect for the remainder of the
13 assessment year of the sale. The assessor or chief county
14 assessment officer may require the new owner of the property to
15 apply for the homestead exemption for the following assessment
16 year.

17 (k) Notwithstanding Sections 6 and 8 of the State Mandates
18 Act, no reimbursement by the State is required for the
19 implementation of any mandate created by this Section.

20 (Source: P.A. 99-143, eff. 7-27-15; 99-164, eff. 7-28-15;
21 99-642, eff. 7-28-16; 99-851, eff. 8-19-16; 100-401, eff.
22 8-25-17.)

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