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 9-275 and 15-170 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 (veterans with disabilities), 15-167 (returning veterans), 15-168 (persons with disabilities), 15-169 (standard homestead for veterans with disabilities), 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 difference between the property taxes actually billed to a property index number and the amount of property taxes that would have been billed but for the erroneous exemption or exemptions.

"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, including the number of assessment years of automatic renewal remaining on a current senior citizens homestead exemption if such an exemption has been applied to the property; (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 taxpayer 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 taxpayer notifies the chief county assessment officer that he or she received an erroneous homestead exemption in a previous taxable year, and if the taxpayer pays the erroneous exemption principal amount, plus interest as provided in subsection (f), then the taxpayer 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. Upon becoming aware of the existence of one or more erroneous homestead exemptions, the chief county assessment officer shall cause to be served, by both regular mail and certified mail, a notice of discovery as set forth in subsection (c-5). 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 taxpayer 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 collection years immediately prior to the current collection year in which the notice of discovery is served; or (B) 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 collection years immediately prior to the current collection year in which the notice of discovery 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 lien against the property. The chief county assessment officer shall cause the notice of intent to record a lien to be served within 3 years from the date on which the notice of discovery was served.

(c-5) The notice of discovery described in subsection (c) shall: (1) identify, by property index number, the property for which the chief county assessment officer has knowledge indicating the existence of an erroneous homestead exemption; (2) set forth the taxpayer's liability for principal, interest, penalties, and administrative costs including, but not limited to, recording fees described in subsection (f); (3) inform the taxpayer that he or she will be served with a notice of intent to record a lien within 3 years from the date of service of the notice of discovery; (4) inform the taxpayer that he or she may pay the outstanding amount, plus interest, penalties, and administrative costs at any time prior to being served with the notice of intent to record a lien or within 30 days after the notice of intent to record a lien is served; and (5) inform the taxpayer that, if the taxpayer provided notice to the chief county assessment officer as provided in subsection (d-1) of Section 15-175 of this Code, upon submission by the taxpayer of evidence of timely notice and receipt thereof by the chief county assessment officer, the chief county assessment officer will withdraw the notice of discovery and reissue a notice of discovery in compliance with this Section in which the taxpayer is not liable for interest and penalties for the current tax year in which the notice was received.

For the purposes of this subsection (c-5):

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

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

(d) The notice of intent to record a 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 and administrative costs due; (4) inform the taxpayer 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; (5) inform the taxpayer that he or she may pay the erroneous exemption principal amount, plus interest and penalties, within 30 days after service; and (6) inform the taxpayer that, if the lien is recorded against the property, the amount of the lien will be adjusted to include the applicable recording fee and that fees for recording a release of the lien shall be incurred by the taxpayer. A lien shall not be filed pursuant to this Section if the taxpayer 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 of intent to record a lien shall also include a form that the taxpayer may return to the chief county assessment officer to request a hearing. The taxpayer may request a hearing by returning the form within 30 days after service. The hearing shall be held within 90 days after the taxpayer 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 taxpayer 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 taxpayer was erroneously granted a homestead exemption for the taxable year in question. The taxpayer 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 of intent to record a lien was delivered to the taxpayer if the taxpayer does not request a hearing, or until the conclusion of the hearing and all appeals if the taxpayer does request a hearing. If a lien is filed pursuant to this Section and the taxpayer received one or 2 erroneous homestead exemptions during any of the 3 collection years immediately prior to the current collection year in which the notice of discovery is served, then the erroneous exemption principal amount, 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. However, if a lien is filed pursuant to this Section and the taxpayer received 3 or more erroneous homestead exemptions during any of the 6 collection years immediately prior to the current collection year in which the notice of discovery is served, the erroneous exemption principal amount, plus a penalty of 50% of the total amount of the erroneous exemption principal amount 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. If a lien is filed pursuant to this Section, the taxpayer shall not be liable for interest that accrues between the date the notice of discovery is served and the date the lien is filed. Before recording the lien with the county recorder of deeds, the chief county assessment officer shall adjust the amount of the lien to add administrative costs, including but not limited to the applicable recording fee, to the total lien amount.

(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 taxpayer; and (2) the person received the property by bequest or inheritance; then the person is not liable for the penalties imposed under this Section for any year or years during which the chief county assessment officer did not require an annual application for the exemption <u>or, in a county with 3,000,000 or more inhabitants, an application for renewal of a multi-year</u>

exemption pursuant to subsection (i) of Section 15-170, as the case may be. 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 taxpayer has paid the 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 taxpayer. However, nothing in this Section shall prevent the collection of the erroneous exemption principal amount 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 taxpayer 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. 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. Payment shall be made to the county treasurer. 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 taxpayer 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. The release of the lien provided shall clearly inform the taxpayer that it is the responsibility of the taxpayer to record the lien release form with the county recorder of deeds and to pay any applicable recording fees.

(k) The county treasurer shall pay collected erroneous exemption principal amounts, pro rata, to the taxing districts, or their legal successors, that levied upon the subject property in the taxable year or years for which the erroneous homestead exemptions were granted, except as set forth in this

Section. The county treasurer shall deposit collected penalties and interest into a special fund established by the county treasurer to offset the costs of administration of the provisions of this Section by the chief county assessment officer's office, as appropriated by the county board. If the costs of administration of this Section exceed the amount of interest and penalties collected in the special fund, the chief county assessor shall be reimbursed by each taxing district or their legal successors for those costs. Such costs shall be paid out of the funds collected by the county treasurer on behalf of each taxing district pursuant to this Section.

(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 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.

(m) Notwithstanding any other provision of law, for taxable years 2020 through 2024, in counties with 3,000,000 or more inhabitants, the chief county assessment officer shall, if he or she learns that a taxpayer who has been granted a senior citizens homestead exemption has died during the period to which the exemption applies, send a notice to the address on record for the owner of record of the property notifying the owner that the exemption will be terminated unless, within 90 days after the notice is sent, the chief county assessment officer is provided with a basis to continue the exemption. The notice shall be sent by first-class mail, in an envelope that bears on its front, in boldface red lettering that is at least one inch in size, the words "Notice of Exemption Termination"; however, if the taxpayer elects to receive the notice by email and provides an email address, then the notice shall be sent by email.

(Source: P.A. 98-93, eff. 7-16-13; 98-756, eff. 7-16-14; 98-811, eff. 1-1-15; 98-1143, eff. 1-1-15; 99-143, eff. 7-27-15; 99-851, eff. 8-19-16.)

(35 ILCS 200/15-170)

Sec. 15-170. Senior citizens homestead exemption.

(a) An annual homestead exemption limited, except as described here with relation to cooperatives or life care facilities, to a maximum reduction set forth below from the property's value, as equalized or assessed by the Department, is granted for property that is occupied as a residence by a person 65 years of age or older who is liable for paying real estate taxes on the property and is an owner of record of the property or has a legal or equitable interest therein as evidenced by a written instrument, except for a leasehold interest, other than a leasehold interest of land on which a single family residence is located, which is occupied as a residence by a person 65 years or older who has an ownership interest therein, legal, equitable or as a lessee, and on which he or she is liable for the payment of property taxes. Before taxable year 2004, the maximum reduction shall be $2,500 in counties with 3,000,000 or more inhabitants and $2,000 in all other counties. For taxable years 2004 through 2005, the maximum reduction shall be $3,000 in all counties. For taxable years 2006 and 2007, the maximum reduction shall be $3,500. For taxable years 2008 through 2011, the maximum reduction is $4,000 in all counties. For taxable year 2012, the maximum reduction is $5,000 in counties with 3,000,000 or more inhabitants and $4,000 in all other counties. For taxable years 2013 through 2016, the maximum reduction is $5,000 in all counties. For taxable years 2017 and thereafter, the maximum reduction is $8,000 in counties with 3,000,000 or more inhabitants and $5,000 in all other counties.

(b) For land improved with an apartment building owned and operated as a cooperative, the maximum reduction from the value of the property, as equalized by the Department, shall be multiplied by the number of apartments or units occupied by a person 65 years of age or older who is liable, by contract with the owner or owners of record, for paying property taxes on the property and is an owner of record of a legal or equitable interest in the cooperative apartment building, other than a leasehold interest. For land improved with a life care facility, the maximum reduction from the value of the property, as equalized by the Department, shall be multiplied by the number of apartments or units occupied by persons 65 years of age or older, irrespective of any legal, equitable, or leasehold interest in the facility, who are liable, under a contract with the owner or owners of record of the facility, for paying property taxes on the property. In a cooperative or a life care facility where a homestead exemption has been granted, the cooperative association or the management firm of the cooperative or facility shall credit the savings resulting from that exemption only to the apportioned tax liability of the owner or resident who qualified for the exemption. Any person who willfully refuses to so credit the savings shall be guilty of a Class B misdemeanor. Under this Section and Sections 15-175, 15-176, and 15-177, "life care facility" means a facility, as defined in Section 2 of the Life Care Facilities Act, with which the applicant for the homestead exemption has a life care contract as defined in that Act.

(c) When a homestead exemption has been granted under this Section and the person qualifying subsequently becomes a resident of a facility licensed under the Assisted Living and Shared Housing Act, the Nursing Home Care Act, the Specialized Mental Health Rehabilitation Act of 2013, the ID/DD Community Care Act, or the MC/DD Act, the exemption shall continue so long as the residence continues to be occupied by the qualifying person's spouse if the spouse is 65 years of age or older, or if the residence remains unoccupied but is still owned by the person qualified for the homestead exemption.

<u>(d)</u> A person who will be 65 years of age during the current assessment year shall be eligible to apply for the homestead exemption during that assessment year. Application shall be made during the application period in effect for the county of his residence.

<u>(e)</u> Beginning with assessment year 2003, for taxes payable in 2004, property that is first occupied as a residence after January 1 of any assessment year by a person who is eligible for the senior citizens homestead exemption under this Section must be granted a pro-rata exemption for the assessment year. The amount of the pro-rata exemption is the exemption allowed in the county under this Section divided by 365 and multiplied by the number of days during the assessment year the property is occupied as a residence by a person eligible for the exemption under this Section. The chief county assessment officer must adopt reasonable procedures to establish eligibility for this pro-rata exemption.

<u>(f)</u> The assessor or chief county assessment officer may determine the eligibility of a life care facility to receive the benefits provided by this Section, by affidavit, application, visual inspection, questionnaire or other reasonable methods in order to insure that the tax savings resulting from the exemption are credited by the management firm to the apportioned tax liability of each qualifying resident. The assessor may request reasonable proof that the

management firm has so credited the exemption.

(g) The chief county assessment officer of each county with less than 3,000,000 inhabitants shall provide to each person allowed a homestead exemption under this Section a form to designate any other person to receive a duplicate of any notice of delinquency in the payment of taxes assessed and levied under this Code on the property of the person receiving the exemption. The duplicate notice shall be in addition to the notice required to be provided to the person receiving the exemption, and shall be given in the manner required by this Code. The person filing the request for the duplicate notice shall pay a fee of $5 to cover administrative costs to the supervisor of assessments, who shall then file the executed designation with the county collector. Notwithstanding any other provision of this Code to the contrary, the filing of such an executed designation requires the county collector to provide duplicate notices as indicated by the designation. A designation may be rescinded by the person who executed such designation at any time, in the manner and form required by the chief county assessment officer.

(h) The assessor or chief county assessment officer may determine the eligibility of residential property to receive the homestead exemption provided by this Section by application, visual inspection, questionnaire or other reasonable methods. The determination shall be made in accordance with guidelines established by the Department.

(i) In counties with 3,000,000 or more inhabitants, for taxable years ~~beginning in taxable year~~ 2010 through 2019, and beginning again in taxable year 2025, each taxpayer who has been granted an exemption under this Section must reapply on an annual basis.

If a reapplication is required, then the ~~The~~ chief county assessment officer shall mail the application to the taxpayer at least 60 days prior to the last day of the application period for the county.

For taxable years 2020 through 2024, in counties with 3,000,000 or more inhabitants, a taxpayer who has been granted an exemption under this Section need not reapply. However, if the property ceases to be qualified for the exemption under this Section in any year for which a reapplication is not required under this Section, then the owner of record of the property shall notify the chief county assessment officer that the property is no longer qualified. In addition, for taxable years 2020 through 2024, the chief county assessment officer of a county with 3,000,000 or more inhabitants shall enter into an intergovernmental agreement with the county clerk of that county and the Department of Public Health, as well as any other appropriate governmental agency, to obtain information that documents the death of a taxpayer who has been granted an exemption under this Section. Notwithstanding any other provision of law, the county clerk and the Department of Public Health shall provide that information to the chief county assessment officer. The Department of Public Health shall supply this information no less frequently than every calendar quarter. Information concerning the death of a taxpayer may be shared with the county treasurer. The chief county assessment officer shall also enter into a data exchange agreement with the Social Security Administration or its agent to obtain access to the information regarding deaths in possession of the Social Security Administration. The chief county assessment officer shall, subject to the notice requirements under subsection (m) of Section 9-275, terminate the exemption under this Section if the information obtained indicates that the property is no longer qualified for the exemption. In counties with 3,000,000 or more inhabitants, the assessor and the county recorder of deeds shall establish policies and practices for the regular exchange of information for the purpose of alerting the assessor whenever the transfer of ownership of any property receiving an exemption under this Section has occurred. When such a transfer occurs, the assessor shall mail a notice to the new owner of the property (i) informing the new owner that the exemption will remain in place through the year of the transfer, after which it will be canceled, and (ii) providing information pertaining to the rules for reapplying for the exemption if the owner qualifies. In counties with 3,000,000 or more inhabitants, the chief county assessment official shall conduct audits of all exemptions granted under this Section no later than December 31, 2022 and no later than December 31,

2024. The audit shall be designed to ascertain whether any senior homestead exemptions have been granted erroneously. If it is determined that a senior homestead exemption has been erroneously applied to a property, the chief county assessment officer shall make use of the appropriate provisions of Section 9-275 in relation to the property that received the erroneous homestead exemption.

(j) In counties with less than 3,000,000 inhabitants, the county board may by resolution provide that if a person has been granted a homestead exemption under this Section, the person qualifying need not reapply for the exemption.

In counties with less than 3,000,000 inhabitants, if the assessor or chief county assessment officer requires annual application for verification of eligibility for an exemption once granted under this Section, the application shall be mailed to the taxpayer.

(l) The assessor or chief county assessment officer shall notify each person who qualifies for an exemption under this Section that the person may also qualify for deferral of real estate taxes under the Senior Citizens Real Estate Tax Deferral Act. The notice shall set forth the qualifications needed for deferral of real estate taxes, the address and telephone number of county collector, and a statement that applications for deferral of real estate taxes may be obtained from the county collector.

(m) Notwithstanding Sections 6 and 8 of the State Mandates

Act, no reimbursement by the State is required for the implementation of any mandate created by this Section.
(Source: P.A. 99-180, eff. 7-29-15; 100-401, eff. 8-25-17.)

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