



99TH GENERAL ASSEMBLY

State of Illinois

2015 and 2016

SB2427

Introduced 2/9/2016, by Sen. Emil Jones, III

SYNOPSIS AS INTRODUCED:

35 ILCS 200/9-275
35 ILCS 200/15-175

Amends the Property Tax Code. In a Section concerning the general homestead exemption, provides that, in counties with 3,000,000 or more inhabitants, if a property is not occupied by its owner as a principal residence as of January 1 of the current tax year, then the property owner shall notify the chief county assessment officer by April 1 of the current tax year that the property was not occupied by the owner as a principal residence as of January 1 of the current tax year. Provides that, if such a notification is made and a general homestead exemption is granted for the property, that homestead exemption shall not be considered an erroneous homestead exemption. Effective immediately.

LRB099 15844 HLH 42102 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

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 Sections 9-275 and 15-175 as follows:

6 (35 ILCS 200/9-275)

7 Sec. 9-275. Erroneous homestead exemptions.

8 (a) For purposes of this Section:

9 "Erroneous homestead exemption" means a homestead
10 exemption that was granted for real property in a taxable year
11 if the property was not eligible for that exemption in that
12 taxable year. If the taxpayer receives an erroneous homestead
13 exemption under a single Section of this Code for the same
14 property in multiple years, that exemption is considered a
15 single erroneous homestead exemption for purposes of this
16 Section. However, if the taxpayer receives erroneous homestead
17 exemptions under multiple Sections of this Code for the same
18 property, or if the taxpayer receives erroneous homestead
19 exemptions under the same Section of this Code for multiple
20 properties, then each of those exemptions is considered a
21 separate erroneous homestead exemption for purposes of this
22 Section. "Erroneous homestead exemption" does not mean an
23 exemption granted under Section 15-175 of this Code for which

1 the taxpayer provided notice to the chief county assessment
2 officer, as required by Section 15-175, that the property owner
3 did not occupy the property as a principal residence on January
4 1 of the current tax year.

5 "Homestead exemption" means an exemption under Section
6 15-165 (veterans with disabilities), 15-167 (returning
7 veterans), 15-168 (persons with disabilities), 15-169
8 (standard homestead for veterans with disabilities), 15-170
9 (senior citizens), 15-172 (senior citizens assessment freeze),
10 15-175 (general homestead), 15-176 (alternative general
11 homestead), or 15-177 (long-time occupant).

12 "Erroneous exemption principal amount" means the total
13 difference between the property taxes actually billed to a
14 property index number and the amount of property taxes that
15 would have been billed but for the erroneous exemption or
16 exemptions.

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

19 (b) Notwithstanding any other provision of law, in counties
20 with 3,000,000 or more inhabitants, the chief county assessment
21 officer shall include the following information with each
22 assessment notice sent in a general assessment year: (1) a list
23 of each homestead exemption available under Article 15 of this
24 Code and a description of the eligibility criteria for that
25 exemption; (2) a list of each homestead exemption applied to
26 the property in the current assessment year; (3) information

1 regarding penalties and interest that may be incurred under
2 this Section if the taxpayer received an erroneous homestead
3 exemption in a previous taxable year; and (4) notice of the
4 60-day grace period available under this subsection. If, within
5 60 days after receiving his or her assessment notice, the
6 taxpayer notifies the chief county assessment officer that he
7 or she received an erroneous homestead exemption in a previous
8 taxable year, and if the taxpayer pays the erroneous exemption
9 principal amount, plus interest as provided in subsection (f),
10 then the taxpayer shall not be liable for the penalties
11 provided in subsection (f) with respect to that exemption.

12 (c) In counties with 3,000,000 or more inhabitants, when
13 the chief county assessment officer determines that one or more
14 erroneous homestead exemptions was applied to the property, the
15 erroneous exemption principal amount, together with all
16 applicable interest and penalties as provided in subsections
17 (f) and (j), shall constitute a lien in the name of the People
18 of Cook County on the property receiving the erroneous
19 homestead exemption. Upon becoming aware of the existence of
20 one or more erroneous homestead exemptions, the chief county
21 assessment officer shall cause to be served, by both regular
22 mail and certified mail, a notice of discovery as set forth in
23 subsection (c-5). The chief county assessment officer in a
24 county with 3,000,000 or more inhabitants may cause a lien to
25 be recorded against property that (1) is located in the county
26 and (2) received one or more erroneous homestead exemptions if,

1 upon determination of the chief county assessment officer, the
2 taxpayer received: (A) one or 2 erroneous homestead exemptions
3 for real property, including at least one erroneous homestead
4 exemption granted for the property against which the lien is
5 sought, during any of the 3 collection years immediately prior
6 to the current collection year in which the notice of discovery
7 is served; or (B) 3 or more erroneous homestead exemptions for
8 real property, including at least one erroneous homestead
9 exemption granted for the property against which the lien is
10 sought, during any of the 6 collection years immediately prior
11 to the current collection year in which the notice of discovery
12 is served. Prior to recording the lien against the property,
13 the chief county assessment officer shall cause to be served,
14 by both regular mail and certified mail, return receipt
15 requested, on the person to whom the most recent tax bill was
16 mailed and the owner of record, a notice of intent to record a
17 lien against the property. The chief county assessment officer
18 shall cause the notice of intent to record a lien to be served
19 within 3 years from the date on which the notice of discovery
20 was served.

21 (c-5) The notice of discovery described in subsection (c)
22 shall: (1) identify, by property index number, the property for
23 which the chief county assessment officer has knowledge
24 indicating the existence of an erroneous homestead exemption;
25 (2) set forth the taxpayer's liability for principal, interest,
26 penalties, and administrative costs including, but not limited

1 to, recording fees described in subsection (f); (3) inform the
2 taxpayer that he or she will be served with a notice of intent
3 to record a lien within 3 years from the date of service of the
4 notice of discovery; and (4) inform the taxpayer that he or she
5 may pay the outstanding amount, plus interest, penalties, and
6 administrative costs at any time prior to being served with the
7 notice of intent to record a lien or within 30 days after the
8 notice of intent to record a lien is served.

9 (d) The notice of intent to record a lien described in
10 subsection (c) shall: (1) identify, by property index number,
11 the property against which the lien is being sought; (2)
12 identify each specific homestead exemption that was
13 erroneously granted and the year or years in which each
14 exemption was granted; (3) set forth the erroneous exemption
15 principal amount due and the interest amount and any penalty
16 and administrative costs due; (4) inform the taxpayer that he
17 or she may request a hearing within 30 days after service and
18 may appeal the hearing officer's ruling to the circuit court;
19 (5) inform the taxpayer that he or she may pay the erroneous
20 exemption principal amount, plus interest and penalties,
21 within 30 days after service; and (6) inform the taxpayer that,
22 if the lien is recorded against the property, the amount of the
23 lien will be adjusted to include the applicable recording fee
24 and that fees for recording a release of the lien shall be
25 incurred by the taxpayer. A lien shall not be filed pursuant to
26 this Section if the taxpayer pays the erroneous exemption

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

3 (e) The notice of intent to record a lien shall also
4 include a form that the taxpayer may return to the chief county
5 assessment officer to request a hearing. The taxpayer may
6 request a hearing by returning the form within 30 days after
7 service. The hearing shall be held within 90 days after the
8 taxpayer is served. The chief county assessment officer shall
9 promulgate rules of service and procedure for the hearing. The
10 chief county assessment officer must generally follow rules of
11 evidence and practices that prevail in the county circuit
12 courts, but, because of the nature of these proceedings, the
13 chief county assessment officer is not bound by those rules in
14 all particulars. The chief county assessment officer shall
15 appoint a hearing officer to oversee the hearing. The taxpayer
16 shall be allowed to present evidence to the hearing officer at
17 the hearing. After taking into consideration all the relevant
18 testimony and evidence, the hearing officer shall make an
19 administrative decision on whether the taxpayer was
20 erroneously granted a homestead exemption for the taxable year
21 in question. The taxpayer may appeal the hearing officer's
22 ruling to the circuit court of the county where the property is
23 located as a final administrative decision under the
24 Administrative Review Law.

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

1 be filed sooner than 60 days after the notice of intent to
2 record a lien was delivered to the taxpayer if the taxpayer
3 does not request a hearing, or until the conclusion of the
4 hearing and all appeals if the taxpayer does request a hearing.
5 If a lien is filed pursuant to this Section and the taxpayer
6 received one or 2 erroneous homestead exemptions during any of
7 the 3 collection years immediately prior to the current
8 collection year in which the notice of discovery is served,
9 then the erroneous exemption principal amount, plus 10%
10 interest per annum or portion thereof from the date the
11 erroneous exemption principal amount would have become due if
12 properly included in the tax bill, shall be charged against the
13 property by the chief county assessment officer. However, if a
14 lien is filed pursuant to this Section and the taxpayer
15 received 3 or more erroneous homestead exemptions during any of
16 the 6 collection years immediately prior to the current
17 collection year in which the notice of discovery is served, the
18 erroneous exemption principal amount, plus a penalty of 50% of
19 the total amount of the erroneous exemption principal amount
20 for that property and 10% interest per annum or portion thereof
21 from the date the erroneous exemption principal amount would
22 have become due if properly included in the tax bill, shall be
23 charged against the property by the chief county assessment
24 officer. If a lien is filed pursuant to this Section, the
25 taxpayer shall not be liable for interest that accrues between
26 the date the notice of discovery is served and the date the

1 lien is filed. Before recording the lien with the county
2 recorder of deeds, the chief county assessment officer shall
3 adjust the amount of the lien to add administrative costs,
4 including but not limited to the applicable recording fee, to
5 the total lien amount.

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

15 (h) If the erroneous homestead exemption was granted as a
16 result of a clerical error or omission on the part of the chief
17 county assessment officer, and if the taxpayer has paid the tax
18 bills as received for the year in which the error occurred,
19 then the interest and penalties authorized by this Section with
20 respect to that homestead exemption shall not be chargeable to
21 the taxpayer. However, nothing in this Section shall prevent
22 the collection of the erroneous exemption principal amount due
23 and owing.

24 (i) A lien under this Section is not valid as to (1) any
25 bona fide purchaser for value without notice of the erroneous
26 homestead exemption whose rights in and to the underlying

1 parcel arose after the erroneous homestead exemption was
2 granted but before the filing of the notice of lien; or (2) any
3 mortgagee, judgment creditor, or other lienor whose rights in
4 and to the underlying parcel arose before the filing of the
5 notice of lien. A title insurance policy for the property that
6 is issued by a title company licensed to do business in the
7 State showing that the property is free and clear of any liens
8 imposed under this Section shall be prima facie evidence that
9 the taxpayer is without notice of the erroneous homestead
10 exemption. Nothing in this Section shall be deemed to impair
11 the rights of subsequent creditors and subsequent purchasers
12 under Section 30 of the Conveyances Act.

13 (j) When a lien is filed against the property pursuant to
14 this Section, the chief county assessment officer shall mail a
15 copy of the lien to the person to whom the most recent tax bill
16 was mailed and to the owner of record, and the outstanding
17 liability created by such a lien is due and payable within 30
18 days after the mailing of the lien by the chief county
19 assessment officer. This liability is deemed delinquent and
20 shall bear interest beginning on the day after the due date at
21 a rate of 1.5% per month or portion thereof. Payment shall be
22 made to the county treasurer. Upon receipt of the full amount
23 due, as determined by the chief county assessment officer, the
24 county treasurer shall distribute the amount paid as provided
25 in subsection (k). Upon presentment by the taxpayer to the
26 chief county assessment officer of proof of payment of the

1 total liability, the chief county assessment officer shall
2 provide in reasonable form a release of the lien. The release
3 of the lien provided shall clearly inform the taxpayer that it
4 is the responsibility of the taxpayer to record the lien
5 release form with the county recorder of deeds and to pay any
6 applicable recording fees.

7 (k) The county treasurer shall pay collected erroneous
8 exemption principal amounts, pro rata, to the taxing districts,
9 or their legal successors, that levied upon the subject
10 property in the taxable year or years for which the erroneous
11 homestead exemptions were granted, except as set forth in this
12 Section. The county treasurer shall deposit collected
13 penalties and interest into a special fund established by the
14 county treasurer to offset the costs of administration of the
15 provisions of this Section by the chief county assessment
16 officer's office, as appropriated by the county board. If the
17 costs of administration of this Section exceed the amount of
18 interest and penalties collected in the special fund, the chief
19 county assessor shall be reimbursed by each taxing district or
20 their legal successors for those costs. Such costs shall be
21 paid out of the funds collected by the county treasurer on
22 behalf of each taxing district pursuant to this Section.

23 (l) The chief county assessment officer in a county with
24 3,000,000 or more inhabitants shall establish an amnesty period
25 for all taxpayers owing any tax due to an erroneous homestead
26 exemption granted in a tax year prior to the 2013 tax year. The

1 amnesty period shall begin on the effective date of this
2 amendatory Act of the 98th General Assembly and shall run
3 through December 31, 2013. If, during the amnesty period, the
4 taxpayer pays the entire arrearage of taxes due for tax years
5 prior to 2013, the county clerk shall abate and not seek to
6 collect any interest or penalties that may be applicable and
7 shall not seek civil or criminal prosecution for any taxpayer
8 for tax years prior to 2013. Failure to pay all such taxes due
9 during the amnesty period established under this Section shall
10 invalidate the amnesty period for that taxpayer.

11 The chief county assessment officer in a county with
12 3,000,000 or more inhabitants shall (i) mail notice of the
13 amnesty period with the tax bills for the second installment of
14 taxes for the 2012 assessment year and (ii) as soon as possible
15 after the effective date of this amendatory Act of the 98th
16 General Assembly, publish notice of the amnesty period in a
17 newspaper of general circulation in the county. Notices shall
18 include information on the amnesty period, its purpose, and the
19 method by which to make payment.

20 Taxpayers who are a party to any criminal investigation or
21 to any civil or criminal litigation that is pending in any
22 circuit court or appellate court, or in the Supreme Court of
23 this State, for nonpayment, delinquency, or fraud in relation
24 to any property tax imposed by any taxing district located in
25 the State on the effective date of this amendatory Act of the
26 98th General Assembly may not take advantage of the amnesty

1 period.

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

5 (Source: P.A. 98-93, eff. 7-16-13; 98-756, eff. 7-16-14;
6 98-811, eff. 1-1-15; 98-1143, eff. 1-1-15; 99-143, eff.
7 7-27-15.)

8 (35 ILCS 200/15-175)

9 Sec. 15-175. General homestead exemption.

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

24 (b) Except as provided in Section 15-176, the maximum
25 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 and
7 thereafter, the maximum reduction is \$7,000 in counties with
8 3,000,000 or more inhabitants and \$6,000 in all other counties.
9 If a county has elected to subject itself to the provisions of
10 Section 15-176 as provided in subsection (k) of that Section,
11 then, for the first taxable year only after the provisions of
12 Section 15-176 no longer apply, for owners who, for the taxable
13 year, have not been granted a senior citizens assessment freeze
14 homestead exemption under Section 15-172 or a long-time
15 occupant homestead exemption under Section 15-177, there shall
16 be an additional exemption of \$5,000 for owners with a
17 household income of \$30,000 or less.

18 (c) In counties with fewer than 3,000,000 inhabitants, if,
19 based on the most recent assessment, the equalized assessed
20 value of the homestead property for the current assessment year
21 is greater than the equalized assessed value of the property
22 for 1977, the owner of the property shall automatically receive
23 the exemption granted under this Section in an amount equal to
24 the increase over the 1977 assessment up to the maximum
25 reduction set forth in this Section.

26 (d) If in any assessment year beginning with the 2000

1 assessment year, homestead property has a pro-rata valuation
2 under Section 9-180 resulting in an increase in the assessed
3 valuation, a reduction in equalized assessed valuation equal to
4 the increase in equalized assessed value of the property for
5 the year of the pro-rata valuation above the equalized assessed
6 value of the property for 1977 shall be applied to the property
7 on a proportionate basis for the period the property qualified
8 as homestead property during the assessment year. The maximum
9 proportionate homestead exemption shall not exceed the maximum
10 homestead exemption allowed in the county under this Section
11 divided by 365 and multiplied by the number of days the
12 property qualified as homestead property.

13 (d-1) In counties with 3,000,000 or more inhabitants, if a
14 property is not occupied by its owner as a principal residence
15 as of January 1 of the current tax year, then the property
16 owner shall notify the chief county assessment officer by April
17 1 of the current tax year, on a form prescribed by that
18 official, that the property was not occupied by the owner as a
19 principal residence as of January 1 of the current tax year.

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

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

1 (2) that a copy of the lease must be filed with the
2 chief county assessment officer by the owner of the
3 property at the time the notarized application is
4 submitted;

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

7 (4) that the lease must include the following language
8 in substantially the following form:

9 "Lessee shall be liable for the payment of real
10 estate taxes with respect to the residence in
11 accordance with the terms and conditions of Section
12 15-175 of the Property Tax Code (35 ILCS 200/15-175).
13 The permanent real estate index number for the premises
14 is (insert number), and, according to the most recent
15 property tax bill, the current amount of real estate
16 taxes associated with the premises is (insert amount)
17 per year. The parties agree that the monthly rent set
18 forth above shall be increased or decreased pro rata
19 (effective January 1 of each calendar year) to reflect
20 any increase or decrease in real estate taxes. Lessee
21 shall be deemed to be satisfying Lessee's liability for
22 the above mentioned real estate taxes with the monthly
23 rent payments as set forth above (or increased or
24 decreased as set forth herein).".

25 In addition, if there is a change in lessee, or if the
26 lessee vacates the property, then the chief county assessment

1 officer may require the owner of the property to notify the
2 chief county assessment officer of that change.

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

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

26 "Household", as used in this Section, means the owner, the

1 spouse of the owner, and all persons using the residence of the
2 owner as their principal place of residence.

3 "Household income", as used in this Section, means the
4 combined income of the members of a household for the calendar
5 year preceding the taxable year.

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

10 (g) In a cooperative where a homestead exemption has been
11 granted, the cooperative association or its management firm
12 shall credit the savings resulting from that exemption only to
13 the apportioned tax liability of the owner who qualified for
14 the exemption. Any person who willfully refuses to so credit
15 the savings shall be guilty of a Class B misdemeanor.

16 (h) Where married persons maintain and reside in separate
17 residences qualifying as homestead property, each residence
18 shall receive 50% of the total reduction in equalized assessed
19 valuation provided by this Section.

20 (i) In all counties, the assessor or chief county
21 assessment officer may determine the eligibility of
22 residential property to receive the homestead exemption and the
23 amount of the exemption by application, visual inspection,
24 questionnaire or other reasonable methods. The determination
25 shall be made in accordance with guidelines established by the
26 Department, provided that the taxpayer applying for an

1 additional general exemption under this Section shall submit to
2 the chief county assessment officer an application with an
3 affidavit of the applicant's total household income, age,
4 marital status (and, if married, the name and address of the
5 applicant's spouse, if known), and principal dwelling place of
6 members of the household on January 1 of the taxable year. The
7 Department shall issue guidelines establishing a method for
8 verifying the accuracy of the affidavits filed by applicants
9 under this paragraph. The applications shall be clearly marked
10 as applications for the Additional General Homestead
11 Exemption.

12 (i-5) This subsection (i-5) applies to counties with
13 3,000,000 or more inhabitants. In the event of a sale of
14 homestead property, the homestead exemption shall remain in
15 effect for the remainder of the assessment year of the sale.
16 Upon receipt of a transfer declaration transmitted by the
17 recorder pursuant to Section 31-30 of the Real Estate Transfer
18 Tax Law for property receiving an exemption under this Section,
19 the assessor shall mail a notice and forms to the new owner of
20 the property providing information pertaining to the rules and
21 applicable filing periods for applying or reapplying for
22 homestead exemptions under this Code for which the property may
23 be eligible. If the new owner fails to apply or reapply for a
24 homestead exemption during the applicable filing period or the
25 property no longer qualifies for an existing homestead
26 exemption, the assessor shall cancel such exemption for any

1 ensuing assessment year.

2 (j) In counties with fewer than 3,000,000 inhabitants, in
3 the event of a sale of homestead property the homestead
4 exemption shall remain in effect for the remainder of the
5 assessment year of the sale. The assessor or chief county
6 assessment officer may require the new owner of the property to
7 apply for the homestead exemption for the following assessment
8 year.

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

12 (Source: P.A. 98-7, eff. 4-23-13; 98-463, eff. 8-16-13; 99-143,
13 eff. 7-27-15; 99-164, eff. 7-28-15; revised 8-25-15.)

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