

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 15-176 and 20-5 as follows:

6 (35 ILCS 200/15-176)

7 Sec. 15-176. Alternative general homestead exemption.

8 (a) For the assessment years as determined under subsection
9 (j), in any county that has elected, by an ordinance in
10 accordance with subsection (k), to be subject to the provisions
11 of this Section in lieu of the provisions of Section 15-175,
12 homestead property is entitled to an annual homestead exemption
13 equal to a reduction in the property's equalized assessed value
14 calculated as provided in this Section.

15 (b) As used in this Section:

16 (1) "Assessor" means the supervisor of assessments or
17 the chief county assessment officer of each county.

18 (2) "Adjusted homestead value" means the lesser of the
19 following values:

20 (A) The property's base homestead value increased
21 by 7% for each tax year after the base year through and
22 including the current tax year, or, if the property is
23 sold or ownership is otherwise transferred, the
24 property's base homestead value increased by 7% for
25 each tax year after the year of the sale or transfer
26 through and including the current tax year. The
27 increase by 7% each year is an increase by 7% over the
28 prior year.

29 (B) The property's equalized assessed value for
30 the current tax year minus (i) \$4,500 in Cook County or
31 \$3,500 in all other counties in tax year 2003 or (ii)
32 \$5,000 in all counties in tax year 2004 and thereafter.

1 (3) "Base homestead value".

2 (A) Except as provided in subdivision (b)(3)(B),
3 "base homestead value" means the equalized assessed
4 value of the property for the base year prior to
5 exemptions, minus (i) \$4,500 in Cook County or \$3,500
6 in all other counties in tax year 2003 or (ii) \$5,000
7 in all counties in tax year 2004 and thereafter,
8 provided that it was assessed for that year as
9 residential property qualified for any of the
10 homestead exemptions under Sections 15-170 through
11 15-175 of this Code, then in force, and further
12 provided that the property's assessment was not based
13 on a reduced assessed value resulting from a temporary
14 irregularity in the property for that year. Except as
15 provided in subdivision (b)(3)(B), if the property did
16 not have a residential equalized assessed value for the
17 base year, then "base homestead value" means the base
18 homestead value established by the assessor under
19 subsection (c).

20 (B) If the property is sold or ownership is
21 otherwise transferred, other than sales or transfers
22 between spouses or between a parent and a child, "base
23 homestead value" means the equalized assessed value of
24 the property at the time of the sale or transfer prior
25 to exemptions, minus (i) \$4,500 in Cook County or
26 \$3,500 in all other counties in tax year 2003 or (ii)
27 \$5,000 in all counties in tax year 2004 and thereafter,
28 provided that it was assessed as residential property
29 qualified for any of the homestead exemptions under
30 Sections 15-170 through 15-175 of this Code, then in
31 force, and further provided that the property's
32 assessment was not based on a reduced assessed value
33 resulting from a temporary irregularity in the
34 property.

35 (3.5) "Base year" means (i) tax year 2002 in Cook
36 County or (ii) tax year 2002 or 2003 in all other counties

1 in accordance with the designation made by the county as
2 provided in subsection (k).

3 (4) "Current tax year" means the tax year for which the
4 exemption under this Section is being applied.

5 (5) "Equalized assessed value" means the property's
6 assessed value as equalized by the Department.

7 (6) "Homestead" or "homestead property" means:

8 (A) Residential property that as of January 1 of
9 the tax year is occupied by its owner or owners as his,
10 her, or their principal dwelling place, or that is a
11 leasehold interest on which a single family residence
12 is situated, that is occupied as a residence by a
13 person who has a legal or equitable interest therein
14 evidenced by a written instrument, as an owner or as a
15 lessee, and on which the person is liable for the
16 payment of property taxes. Residential units in an
17 apartment building owned and operated as a
18 cooperative, or as a life care facility, which are
19 occupied by persons who hold a legal or equitable
20 interest in the cooperative apartment building or life
21 care facility as owners or lessees, and who are liable
22 by contract for the payment of property taxes, shall be
23 included within this definition of homestead property.

24 (B) A homestead includes the dwelling place,
25 appurtenant structures, and so much of the surrounding
26 land constituting the parcel on which the dwelling
27 place is situated as is used for residential purposes.
28 If the assessor has established a specific legal
29 description for a portion of property constituting the
30 homestead, then the homestead shall be limited to the
31 property within that description.

32 (7) "Life care facility" means a facility as defined in
33 Section 2 of the Life Care Facilities Act.

34 (c) If the property did not have a residential equalized
35 assessed value for the base year as provided in subdivision
36 (b) (3) (A) of this Section, then the assessor shall first

1 determine an initial value for the property by comparison with
2 assessed values for the base year of other properties having
3 physical and economic characteristics similar to those of the
4 subject property, so that the initial value is uniform in
5 relation to assessed values of those other properties for the
6 base year. The product of the initial value multiplied by the
7 equalized factor for the base year for homestead properties in
8 that county, less (i) \$4,500 in Cook County or \$3,500 in all
9 other counties in tax year 2003 or (ii) \$5,000 in all counties
10 in tax year 2004 and thereafter, is the base homestead value.

11 For any tax year for which the assessor determines or
12 adjusts an initial value and hence a base homestead value under
13 this subsection (c), the initial value shall be subject to
14 review by the same procedures applicable to assessed values
15 established under this Code for that tax year.

16 (d) The base homestead value shall remain constant, except
17 that the assessor may revise it under the following
18 circumstances:

19 (1) If the equalized assessed value of a homestead
20 property for the current tax year is less than the previous
21 base homestead value for that property, then the current
22 equalized assessed value (provided it is not based on a
23 reduced assessed value resulting from a temporary
24 irregularity in the property) shall become the base
25 homestead value in subsequent tax years.

26 (2) For any year in which new buildings, structures, or
27 other improvements are constructed on the homestead
28 property that would increase its assessed value, the
29 assessor shall adjust the base homestead value as provided
30 in subsection (c) of this Section with due regard to the
31 value added by the new improvements.

32 (3) If the property is sold or ownership is otherwise
33 transferred, the base homestead value of the property shall
34 be adjusted as provided in subdivision (b) (3) (B). This item
35 (3) does not apply to sales or transfers between spouses or
36 between a parent and a child.

1 (e) The amount of the exemption under this Section is the
2 equalized assessed value of the homestead property for the
3 current tax year, minus the adjusted homestead value, with the
4 following exceptions:

5 (1) The exemption under this Section shall not exceed
6 \$20,000 for any taxable year.

7 (2) In the case of homestead property that also
8 qualifies for the exemption under Section 15-172, the
9 property is entitled to the exemption under this Section,
10 limited to the amount of (i) \$4,500 in Cook County or
11 \$3,500 in all other counties in tax year 2003 or (ii)
12 \$5,000 in all counties in tax year 2004 and thereafter.

13 (e-5) For each assessment year in which the alternative
14 general homestead exemption under this Section applies, the
15 assessor must calculate whether the taxes on each homestead
16 property are more, less, or the same as a result of the
17 application of the exemption under this Section rather than the
18 general homestead exemption under Section 15-175. The assessor
19 must provide the results of these calculations for each
20 homestead property to the official in the county who is
21 responsible for preparing and mailing the property tax bills so
22 that the official can include on or with the bills the
23 notifications required under subsection (b) of Section 20-5.
24 For the purpose of this subsection, "homestead property" has
25 the definition set forth under Section 15-175.

26 (f) In the case of an apartment building owned and operated
27 as a cooperative, or as a life care facility, that contains
28 residential units that qualify as homestead property under this
29 Section, the maximum cumulative exemption amount attributed to
30 the entire building or facility shall not exceed the sum of the
31 exemptions calculated for each qualified residential unit. The
32 cooperative association, management firm, or other person or
33 entity that manages or controls the cooperative apartment
34 building or life care facility shall credit the exemption
35 attributable to each residential unit only to the apportioned
36 tax liability of the owner or other person responsible for

1 payment of taxes as to that unit. Any person who willfully
2 refuses to so credit the exemption is guilty of a Class B
3 misdemeanor.

4 (g) When married persons maintain separate residences, the
5 exemption provided under this Section shall be claimed by only
6 one such person and for only one residence.

7 (h) In the event of a sale or other transfer in ownership
8 of the homestead property, the exemption under this Section
9 shall remain in effect for the remainder of the tax year in
10 which the sale or transfer occurs, but (other than for sales or
11 transfers between spouses or between a parent and a child)
12 shall be calculated using the new base homestead value as
13 provided in subdivision (b) (3) (B). The assessor may require the
14 new owner of the property to apply for the exemption in the
15 following year.

16 (i) The assessor may determine whether property qualifies
17 as a homestead under this Section by application, visual
18 inspection, questionnaire, or other reasonable methods. Each
19 year, at the time the assessment books are certified to the
20 county clerk by the board of review, the assessor shall furnish
21 to the county clerk a list of the properties qualified for the
22 homestead exemption under this Section. The list shall note the
23 base homestead value of each property to be used in the
24 calculation of the exemption for the current tax year.

25 (j) In counties with 3,000,000 or more inhabitants, the
26 provisions of this Section apply as follows:

27 (1) If the general assessment year for the property is
28 2003, this Section applies for assessment years 2003, 2004,
29 and 2005. Thereafter, the provisions of Section 15-175
30 apply.

31 (2) If the general assessment year for the property is
32 2004, this Section applies for assessment years 2004, 2005,
33 and 2006. Thereafter, the provisions of Section 15-175
34 apply.

35 (3) If the general assessment year for the property is
36 2005, this Section applies for assessment years 2005, 2006,

1 and 2007. Thereafter, the provisions of Section 15-175
2 apply.

3 In counties with less than 3,000,000 inhabitants, this
4 Section applies for assessment years (i) 2003, 2004, and 2005
5 if 2002 is the designated base year or (ii) 2004, 2005, and
6 2006 if 2003 is the designated base year. Thereafter, the
7 provisions of Section 15-175 apply.

8 (k) To be subject to the provisions of this Section in lieu
9 of Section 15-175, a county must adopt an ordinance to subject
10 itself to the provisions of this Section within 6 months after
11 the effective date of this amendatory Act of the 93rd General
12 Assembly. In a county other than Cook County, the ordinance
13 must designate either tax year 2002 or tax year 2003 as the
14 base year.

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

18 (Source: P.A. 93-715, eff. 7-12-04.)

19 (35 ILCS 200/20-5)

20 Sec. 20-5. Mailing tax bill to owner.

21 (a) Every township collector, and every county collector in
22 cases where there is no township collector, upon receiving the
23 tax book or books, shall prepare tax bills showing each
24 installment of property taxes assessed, which shall be filled
25 out in accordance with Section 20-40. A copy of the bill shall
26 be mailed by the collector, at least 30 days prior to the date
27 upon which unpaid taxes become delinquent, to the owner of the
28 property taxed or to the person in whose name the property is
29 taxed.

30 (b) For each county in which the assessor is required to
31 make calculations under subsection (e-5) of Section 15-176
32 concerning the effect of the application of the alternative
33 general homestead exemption, the collector must include on or
34 with the tax bill for each homestead property a notification to
35 the taxpayer as to whether the taxes on the property are more,

1 less, or the same as a result of the application of the
2 alternative general homestead exemption rather than the
3 general homestead exemption under Section 15-175. The
4 notification must be clearly visible and must be in
5 substantially the following form:

6 "The taxes on this property are (more/less/the same) as
7 a result of the application of the alternative general
8 homestead exemption under Section 15-176 of the Property
9 Tax Code, sometimes known as the "7% solution"."

10 For the purpose of this subsection, "homestead property"
11 has the definition set forth under Section 15-175.

12 (Source: P.A. 86-957; 87-818; 88-455.)

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