



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB4221

Introduced 2/27/2009, by Rep. Paul D. Froehlich

SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-176

Amends the Property Tax Code. With respect to the alternative general homestead exemption, removes the requirement that the base year be recalculated when the property is sold or transferred. Effective immediately.

LRB096 11652 RCE 22227 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 Section 15-176 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

1 property's base homestead value increased by 7% for
2 each tax year after the year of the sale or transfer
3 through and including the current tax year. The
4 increase by 7% each year is an increase by 7% over the
5 prior year.

6 (B) The property's equalized assessed value for
7 the current tax year minus: (i) \$4,500 in Cook County
8 or \$3,500 in all other counties in tax year 2003; (ii)
9 \$5,000 in all counties in tax years 2004 and 2005; and
10 (iii) the lesser of the amount of the general homestead
11 exemption under Section 15-175 or an amount equal to
12 the increase in the equalized assessed value for the
13 current tax year above the equalized assessed value for
14 1977 in tax year 2006 and thereafter.

15 (3) "Base homestead value".

16 (A) Except as provided in subdivision (b) (3) (A-5)
17 ~~or (b) (3) (B)~~, "base homestead value" means the
18 equalized assessed value of the property for the base
19 year prior to exemptions, minus (i) \$4,500 in Cook
20 County or \$3,500 in all other counties in tax year
21 2003, (ii) \$5,000 in all counties in tax years 2004 and
22 2005, or (iii) the lesser of the amount of the general
23 homestead exemption under Section 15-175 or an amount
24 equal to the increase in the equalized assessed value
25 for the current tax year above the equalized assessed
26 value for 1977 in tax year 2006 and thereafter,

1 provided that it was assessed for that year as
2 residential property qualified for any of the
3 homestead exemptions under Sections 15-170 through
4 15-175 of this Code, then in force, and further
5 provided that the property's assessment was not based
6 on a reduced assessed value resulting from a temporary
7 irregularity in the property for that year. ~~If Except~~
8 ~~as provided in subdivision (b) (3) (B),~~ if the property
9 did not have a residential equalized assessed value for
10 the base year, then "base homestead value" means the
11 base homestead value established by the assessor under
12 subsection (c).

13 (A-5) On or before September 1, 2007, in Cook
14 County, the base homestead value, as set forth under
15 subdivision (b) (3) (A) ~~and except as provided under~~
16 ~~subdivision (b) (3) (B),~~ must be recalculated as the
17 equalized assessed value of the property for the base
18 year, prior to exemptions, minus:

19 (1) if the general assessment year for the
20 property was 2003, the lesser of (i) \$4,500 or (ii)
21 the amount equal to the increase in equalized
22 assessed value for the 2002 tax year above the
23 equalized assessed value for 1977;

24 (2) if the general assessment year for the
25 property was 2004, the lesser of (i) \$4,500 or (ii)
26 the amount equal to the increase in equalized

1 assessed value for the 2003 tax year above the
2 equalized assessed value for 1977;

3 (3) if the general assessment year for the
4 property was 2005, the lesser of (i) \$5,000 or (ii)
5 the amount equal to the increase in equalized
6 assessed value for the 2004 tax year above the
7 equalized assessed value for 1977.

8 ~~(B) If the property is sold or ownership is~~
9 ~~otherwise transferred, other than sales or transfers~~
10 ~~between spouses or between a parent and a child, "base~~
11 ~~homestead value" means the equalized assessed value of~~
12 ~~the property at the time of the sale or transfer prior~~
13 ~~to exemptions, minus: (i) \$4,500 in Cook County or~~
14 ~~\$3,500 in all other counties in tax year 2003; (ii)~~
15 ~~\$5,000 in all counties in tax years 2004 and 2005; and~~
16 ~~(iii) the lesser of the amount of the general homestead~~
17 ~~exemption under Section 15-175 or an amount equal to~~
18 ~~the increase in the equalized assessed value for the~~
19 ~~current tax year above the equalized assessed value for~~
20 ~~1977 in tax year 2006 and thereafter, provided that it~~
21 ~~was assessed as residential property qualified for any~~
22 ~~of the homestead exemptions under Sections 15-170~~
23 ~~through 15-175 of this Code, then in force, and further~~
24 ~~provided that the property's assessment was not based~~
25 ~~on a reduced assessed value resulting from a temporary~~
26 ~~irregularity in the property.~~

1 (3.5) "Base year" means (i) tax year 2002 in Cook
2 County or (ii) tax year 2005 or 2006 in all other counties
3 in accordance with the designation made by the county as
4 provided in subsection (k).

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

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

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

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

26 (B) A homestead includes the dwelling place,

1 appurtenant structures, and so much of the surrounding
2 land constituting the parcel on which the dwelling
3 place is situated as is used for residential purposes.
4 If the assessor has established a specific legal
5 description for a portion of property constituting the
6 homestead, then the homestead shall be limited to the
7 property within that description.

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

10 (c) If the property did not have a residential equalized
11 assessed value for the base year as provided in subdivision
12 (b) (3) (A) of this Section, then the assessor shall first
13 determine an initial value for the property by comparison with
14 assessed values for the base year of other properties having
15 physical and economic characteristics similar to those of the
16 subject property, so that the initial value is uniform in
17 relation to assessed values of those other properties for the
18 base year. The product of the initial value multiplied by the
19 equalized factor for the base year for homestead properties in
20 that county, less: (i) \$4,500 in Cook County or \$3,500 in all
21 other counties in tax years 2003; (ii) \$5,000 in all counties
22 in tax year 2004 and 2005; and (iii) the lesser of the amount
23 of the general homestead exemption under Section 15-175 or an
24 amount equal to the increase in the equalized assessed value
25 for the current tax year above the equalized assessed value for
26 1977 in tax year 2006 and thereafter, is the base homestead

1 value.

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

7 (d) The base homestead value shall remain constant, except
8 that the assessor may revise it under the following
9 circumstances:

10 (1) If the equalized assessed value of a homestead
11 property for the current tax year is less than the previous
12 base homestead value for that property, then the current
13 equalized assessed value (provided it is not based on a
14 reduced assessed value resulting from a temporary
15 irregularity in the property) shall become the base
16 homestead value in subsequent tax years.

17 (2) For any year in which new buildings, structures, or
18 other improvements are constructed on the homestead
19 property that would increase its assessed value, the
20 assessor shall adjust the base homestead value as provided
21 in subsection (c) of this Section with due regard to the
22 value added by the new improvements.

23 (3) (Blank). ~~If the property is sold or ownership is~~
24 ~~otherwise transferred, the base homestead value of the~~
25 ~~property shall be adjusted as provided in subdivision~~
26 ~~(b)(3)(B). This item (3) does not apply to sales or~~

1 ~~transfers between spouses or between a parent and a child.~~

2 (4) the recalculation required in Cook County under
3 subdivision (b) (3) (A-5).

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

8 (1) In Cook County, the exemption under this Section
9 shall not exceed \$20,000 for any taxable year through tax
10 year:

11 (i) 2005, if the general assessment year for the
12 property is 2003;

13 (ii) 2006, if the general assessment year for the
14 property is 2004; or

15 (iii) 2007, if the general assessment year for the
16 property is 2005.

17 (1.1) Thereafter, in Cook County, and in all other
18 counties, the exemption is as follows:

19 (i) if the general assessment year for the property
20 is 2006, then the exemption may not exceed: \$33,000 for
21 taxable year 2006; \$26,000 for taxable year 2007; and
22 \$20,000 for taxable year 2008;

23 (ii) if the general assessment year for the
24 property is 2007, then the exemption may not exceed:
25 \$33,000 for taxable year 2007; \$26,000 for taxable year
26 2008; and \$20,000 for taxable year 2009; and

1 (iii) if the general assessment year for the
2 property is 2008, then the exemption may not exceed:
3 \$33,000 for taxable year 2008; \$26,000 for taxable year
4 2009; and \$20,000 for taxable year 2010.

5 (1.5) In Cook County, for the 2006 taxable year only, the
6 maximum amount of the exemption set forth under subsection
7 (e) (1.1) (i) of this Section may be increased: (i) by \$7,000 if
8 the equalized assessed value of the property in that taxable
9 year exceeds the equalized assessed value of that property in
10 2002 by 100% or more; or (ii) by \$2,000 if the equalized
11 assessed value of the property in that taxable year exceeds the
12 equalized assessed value of that property in 2002 by more than
13 80% but less than 100%.

14 (2) In the case of homestead property that also
15 qualifies for the exemption under Section 15-172, the
16 property is entitled to the exemption under this Section,
17 limited to the amount of (i) \$4,500 in Cook County or
18 \$3,500 in all other counties in tax year 2003, (ii) \$5,000
19 in all counties in tax years 2004 and 2005, or (iii) the
20 lesser of the amount of the general homestead exemption
21 under Section 15-175 or an amount equal to the increase in
22 the equalized assessed value for the current tax year above
23 the equalized assessed value for 1977 in tax year 2006 and
24 thereafter.

25 (f) In the case of an apartment building owned and operated
26 as a cooperative, or as a life care facility, that contains

1 residential units that qualify as homestead property under this
2 Section, the maximum cumulative exemption amount attributed to
3 the entire building or facility shall not exceed the sum of the
4 exemptions calculated for each qualified residential unit. The
5 cooperative association, management firm, or other person or
6 entity that manages or controls the cooperative apartment
7 building or life care facility shall credit the exemption
8 attributable to each residential unit only to the apportioned
9 tax liability of the owner or other person responsible for
10 payment of taxes as to that unit. Any person who willfully
11 refuses to so credit the exemption is guilty of a Class B
12 misdemeanor.

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

16 (h) (Blank). ~~In the event of a sale or other transfer in~~
17 ~~ownership of the homestead property, the exemption under this~~
18 ~~Section shall remain in effect for the remainder of the tax~~
19 ~~year and be calculated using the same base homestead value in~~
20 ~~which the sale or transfer occurs, but (other than for sales or~~
21 ~~transfers between spouses or between a parent and a child)~~
22 ~~shall be calculated for any subsequent tax year using the new~~
23 ~~base homestead value as provided in subdivision (b) (3) (B). The~~
24 ~~assessor may require the new owner of the property to apply for~~
25 ~~the exemption in the following year.~~

26 (i) The assessor may determine whether property qualifies

1 as a homestead under this Section by application, visual
2 inspection, questionnaire, or other reasonable methods. Each
3 year, at the time the assessment books are certified to the
4 county clerk by the board of review, the assessor shall furnish
5 to the county clerk a list of the properties qualified for the
6 homestead exemption under this Section. The list shall note the
7 base homestead value of each property to be used in the
8 calculation of the exemption for the current tax year.

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

11 (1) If the general assessment year for the property is
12 2003, this Section applies for assessment years 2003, 2004,
13 2005, 2006, 2007, and 2008. Thereafter, the provisions of
14 Section 15-175 apply.

15 (2) If the general assessment year for the property is
16 2004, this Section applies for assessment years 2004, 2005,
17 2006, 2007, 2008, and 2009. Thereafter, the provisions of
18 Section 15-175 apply.

19 (3) If the general assessment year for the property is
20 2005, this Section applies for assessment years 2005, 2006,
21 2007, 2008, 2009, and 2010. Thereafter, the provisions of
22 Section 15-175 apply.

23 In counties with less than 3,000,000 inhabitants, this
24 Section applies for assessment years (i) 2006, 2007, and 2008,
25 and 2009 if tax year 2005 is the designated base year or (ii)
26 2007, 2008, 2009, and 2010 if tax year 2006 is the designated

1 base year. Thereafter, the provisions of Section 15-175 apply.

2 (k) To be subject to the provisions of this Section in lieu
3 of Section 15-175, a county must adopt an ordinance to subject
4 itself to the provisions of this Section within 6 months after
5 the effective date of this amendatory Act of the 95th General
6 Assembly. In a county other than Cook County, the ordinance
7 must designate either tax year 2005 or tax year 2006 as the
8 base year.

9 (l) 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. 95-644, eff. 10-12-07.)

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