



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB3602

Introduced 2/24/2011, by Rep. Harry Osterman

SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-176

35 ILCS 200/15-177

Amends the Property Tax Code. In a Section concerning the alternative general homestead exemption, provides that the maximum amount of the exemption is \$40,000 for taxable year 2011 and thereafter. Provides that the alternative general homestead exemption applies on a permanent basis. In a Section concerning the long-time occupant homestead exemption, expands the definition of "adjusted homestead value". Beginning with taxable year 2011 and thereafter, "adjusted homestead value" means a property's base homestead value increased by 7% for each taxable year after the base year through and including the current tax year for qualified taxpayers with a household income of \$100,000 or less. Makes other changes. Effective immediately.

LRB097 08737 HLH 48866 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 15-176 and 15-177 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. Except as
8 provided in subdivision (b) (3) (B), if the property did
9 not have a residential equalized assessed value for the
10 base year, then "base homestead value" means the base
11 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 2008 or 2009 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) If the property is sold or ownership is otherwise
24 transferred, the base homestead value of the property shall
25 be adjusted as provided in subdivision (b) (3) (B). This item
26 (3) does not apply to sales or transfers between spouses or

1 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;
22 \$20,000 for taxable years 2008 and 2009; \$16,000 for
23 taxable year 2010; and \$40,000 ~~\$12,000~~ for taxable year
24 2011 and thereafter;

25 (ii) if the general assessment year for the
26 property is 2007, then the exemption may not exceed:

1 \$33,000 for taxable year 2007; \$26,000 for taxable year
2 2008; \$20,000 for taxable years 2009 and 2010; and
3 \$40,000 ~~\$16,000~~ for taxable year 2011 and thereafter;
4 ~~and \$12,000 for taxable year 2012;~~ and

5 (iii) if the general assessment year for the
6 property is 2008, then the exemption may not exceed:
7 \$33,000 for taxable year 2008; \$26,000 for taxable year
8 2009; \$20,000 for taxable ~~year~~ years 2010; and \$40,000
9 for taxable year 2011 and thereafter; ~~\$16,000 for~~
10 ~~taxable year 2012; and \$12,000 for taxable year 2013.~~

11 (1.5) In Cook County, for the 2006 taxable year only, the
12 maximum amount of the exemption set forth under subsection
13 (e) (1.1) (i) of this Section may be increased: (i) by \$7,000 if
14 the equalized assessed value of the property in that taxable
15 year exceeds the equalized assessed value of that property in
16 2002 by 100% or more; or (ii) by \$2,000 if the equalized
17 assessed value of the property in that taxable year exceeds the
18 equalized assessed value of that property in 2002 by more than
19 80% but less than 100%.

20 (2) In the case of homestead property that also
21 qualifies for the exemption under Section 15-172, the
22 property is entitled to the exemption under this Section,
23 limited to the amount of (i) \$4,500 in Cook County or
24 \$3,500 in all other counties in tax year 2003, (ii) \$5,000
25 in all counties in tax years 2004 and 2005, or (iii) the
26 lesser of the amount of the general homestead exemption

1 under Section 15-175 or an amount equal to the increase in
2 the equalized assessed value for the current tax year above
3 the equalized assessed value for 1977 in tax year 2006 and
4 thereafter.

5 (f) In the case of an apartment building owned and operated
6 as a cooperative, or as a life care facility, that contains
7 residential units that qualify as homestead property under this
8 Section, the maximum cumulative exemption amount attributed to
9 the entire building or facility shall not exceed the sum of the
10 exemptions calculated for each qualified residential unit. The
11 cooperative association, management firm, or other person or
12 entity that manages or controls the cooperative apartment
13 building or life care facility shall credit the exemption
14 attributable to each residential unit only to the apportioned
15 tax liability of the owner or other person responsible for
16 payment of taxes as to that unit. Any person who willfully
17 refuses to so credit the exemption is guilty of a Class B
18 misdemeanor.

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

22 (h) In the event of a sale or other transfer in ownership
23 of the homestead property, the exemption under this Section
24 shall remain in effect for the remainder of the tax year and be
25 calculated using the same base homestead value in which the
26 sale or transfer occurs, but (other than for sales or transfers

1 between spouses or between a parent and a child) shall be
2 calculated for any subsequent tax year using the new base
3 homestead value as provided in subdivision (b)(3)(B). The
4 assessor may require the new owner of the property to apply for
5 the exemption in the following year.

6 (i) The assessor may determine whether property qualifies
7 as a homestead under this Section by application, visual
8 inspection, questionnaire, or other reasonable methods. Each
9 year, at the time the assessment books are certified to the
10 county clerk by the board of review, the assessor shall furnish
11 to the county clerk a list of the properties qualified for the
12 homestead exemption under this Section. The list shall note the
13 base homestead value of each property to be used in the
14 calculation of the exemption for the current tax year.

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

17 (1) If the general assessment year for the property is
18 2003, this Section applies for assessment years 2003 and
19 thereafter ~~through 2011. Thereafter, the provisions of~~
20 ~~Section 15-175 apply.~~

21 (2) If the general assessment year for the property is
22 2004, this Section applies for assessment years 2004 and
23 thereafter ~~through 2012. Thereafter, the provisions of~~
24 ~~Section 15-175 apply.~~

25 (3) If the general assessment year for the property is
26 2005, this Section applies for assessment years 2005 and

1 ~~thereafter through 2013. Thereafter, the provisions of~~
2 ~~Section 15-175 apply.~~

3 In counties with less than 3,000,000 inhabitants, this
4 Section applies for assessment years (i) ~~2009, 2010, 2011,~~ and
5 thereafter 2012 if tax year 2008 is the designated base year or
6 (ii) ~~2010, 2011, 2012,~~ and thereafter 2013 if tax year 2009 is
7 the designated base year. ~~Thereafter, the provisions of Section~~
8 ~~15-175 apply.~~

9 (k) To be subject to the provisions of this Section in lieu
10 of Section 15-175, a county must adopt an ordinance to subject
11 itself to the provisions of this Section within 6 months after
12 the effective date of this amendatory Act of the 96th General
13 Assembly. In a county other than Cook County, the ordinance
14 must designate either tax year 2008 or tax year 2009 as the
15 base year.

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

19 (Source: P.A. 95-644, eff. 10-12-07; 96-1418, eff. 8-2-10.)

20 (35 ILCS 200/15-177)

21 Sec. 15-177. The long-time occupant homestead exemption.

22 (a) If the county has elected, under Section 15-176, to be
23 subject to the provisions of the alternative general homestead
24 exemption, then, for taxable years 2007 and thereafter,
25 regardless of whether the exemption under Section 15-176

1 applies, qualified homestead property is entitled to an annual
2 homestead exemption equal to a reduction in the property's
3 equalized assessed value calculated as provided in this
4 Section.

5 (b) As used in this Section:

6 "Adjusted homestead value" means the lesser of the
7 following values:

8 (1) The property's base homestead value increased by:

9 (i) 10% for each taxable year after the base year through
10 and including the current tax year for qualified taxpayers
11 with a household income of more than \$75,000 but not
12 exceeding \$100,000; or (ii) 7% for each taxable year after
13 the base year through and including the current tax year
14 for qualified taxpayers with a household income of \$75,000
15 or less. The increase each year is an increase over the
16 prior year; ~~or~~

17 (1.5) Beginning with taxable year 2011 and thereafter,
18 the property's base homestead value increased by 7% for
19 each taxable year after the base year through and including
20 the current tax year for qualified taxpayers with a
21 household income of \$100,000 or less. The increase each
22 year is an increase over the prior year; or

23 (2) The property's equalized assessed value for the
24 current tax year minus the general homestead deduction.

25 "Base homestead value" means:

26 (1) if the property did not have an adjusted homestead

1 value under Section 15-176 for the base year, then an
2 amount equal to the equalized assessed value of the
3 property for the base year prior to exemptions, minus the
4 general homestead deduction, provided that the property's
5 assessment was not based on a reduced assessed value
6 resulting from a temporary irregularity in the property for
7 that year; or

8 (2) if the property had an adjusted homestead value
9 under Section 15-176 for the base year, then an amount
10 equal to the adjusted homestead value of the property under
11 Section 15-176 for the base year.

12 "Base year" means the taxable year prior to the taxable
13 year in which the taxpayer first qualifies for the exemption
14 under this Section.

15 "Current taxable year" means the taxable year for which the
16 exemption under this Section is being applied.

17 "Equalized assessed value" means the property's assessed
18 value as equalized by the Department.

19 "Homestead" or "homestead property" means residential
20 property that as of January 1 of the tax year is occupied by a
21 qualified taxpayer as his or her principal dwelling place, or
22 that is a leasehold interest on which a single family residence
23 is situated, that is occupied as a residence by a qualified
24 taxpayer who has a legal or equitable interest therein
25 evidenced by a written instrument, as an owner or as a lessee,
26 and on which the person is liable for the payment of property

1 taxes. Residential units in an apartment building owned and
2 operated as a cooperative, or as a life care facility, which
3 are occupied by persons who hold a legal or equitable interest
4 in the cooperative apartment building or life care facility as
5 owners or lessees, and who are liable by contract for the
6 payment of property taxes, are included within this definition
7 of homestead property. A homestead includes the dwelling place,
8 appurtenant structures, and so much of the surrounding land
9 constituting the parcel on which the dwelling place is situated
10 as is used for residential purposes. If the assessor has
11 established a specific legal description for a portion of
12 property constituting the homestead, then the homestead is
13 limited to the property within that description.

14 "Household income" has the meaning set forth under Section
15 15-172 of this Code.

16 "General homestead deduction" means the amount of the
17 general homestead exemption under Section 15-175.

18 "Life care facility" means a facility defined in Section 2
19 of the Life Care Facilities Act.

20 "Qualified homestead property" means homestead property
21 owned by a qualified taxpayer.

22 "Qualified taxpayer" means any individual:

23 (1) who, for at least 10 continuous years as of January
24 1 of the taxable year, has occupied the same homestead
25 property as a principal residence and domicile or who, for
26 at least 5 continuous years as of January 1 of the taxable

1 year, has occupied the same homestead property as a
2 principal residence and domicile if that person received
3 assistance in the acquisition of the property as part of a
4 government or nonprofit housing program; and

5 (2) who has a household income of \$100,000 or less.

6 (c) The base homestead value must remain constant, except
7 that the assessor may revise it under any of the following
8 circumstances:

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

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

21 (d) The amount of the exemption under this Section is the
22 greater of: (i) the equalized assessed value of the homestead
23 property for the current tax year minus the adjusted homestead
24 value; or (ii) the general homestead deduction.

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

13 (f) When married persons maintain separate residences, the
14 exemption provided under this Section may be claimed by only
15 one such person and for only one residence. No person who
16 receives an exemption under Section 15-172 of this Code may
17 receive an exemption under this Section. No person who receives
18 an exemption under this Section may receive an exemption under
19 Section 15-175 or 15-176 of this Code.

20 (g) In the event of a sale or other transfer in ownership
21 of the homestead property between spouses or between a parent
22 and a child, the exemption under this Section remains in effect
23 if the new owner has a household income of \$100,000 or less.

24 (h) In the event of a sale or other transfer in ownership
25 of the homestead property other than subsection (g) of this
26 Section, the exemption under this Section shall remain in

1 effect for the remainder of the tax year and be calculated
2 using the same base homestead value in which the sale or
3 transfer occurs.

4 (i) To receive the exemption, a person must submit an
5 application to the county assessor during the period specified
6 by the county assessor.

7 The county assessor shall annually give notice of the
8 application period by mail or by publication.

9 The taxpayer must submit, with the application, an
10 affidavit of the taxpayer's total household income, marital
11 status (and if married the name and address of the applicant's
12 spouse, if known), and principal dwelling place of members of
13 the household on January 1 of the taxable year. The Department
14 shall establish, by rule, a method for verifying the accuracy
15 of affidavits filed by applicants under this Section, and the
16 Chief County Assessment Officer may conduct audits of any
17 taxpayer claiming an exemption under this Section to verify
18 that the taxpayer is eligible to receive the exemption. Each
19 application shall contain or be verified by a written
20 declaration that it is made under the penalties of perjury. A
21 taxpayer's signing a fraudulent application under this Act is
22 perjury, as defined in Section 32-2 of the Criminal Code of
23 1961. The applications shall be clearly marked as applications
24 for the Long-time Occupant Homestead Exemption and must contain
25 a notice that any taxpayer who receives the exemption is
26 subject to an audit by the Chief County Assessment Officer.

1 (j) Notwithstanding Sections 6 and 8 of the State Mandates
2 Act, no reimbursement by the State is required for the
3 implementation of any mandate created by this Section.

4 (Source: P.A. 95-644, eff. 10-12-07.)

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