



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB5951

by Rep. Sandra M. Pihos

SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-175

Amends the Property Tax Code. Provides that the maximum reduction under the General Homestead Exemption is \$7,000, and indexes the maximum reductions in all counties to the Consumer Price Index. Effective immediately.

LRB098 16990 HLH 52072 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 15-175 as follows:

6 (35 ILCS 200/15-175)

7 Sec. 15-175. General homestead exemption.

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

22 (b) Except as provided in Section 15-176, the maximum
23 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 2013
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 For taxable year 2014, the maximum reduction in all counties is
10 \$7,000; thereafter, the maximum reduction is the maximum
11 reduction for the prior taxable year increased by the annual
12 rate of increase for the previous calendar year in the Consumer
13 Price Index for All Urban Consumers for all items published by
14 the United States Bureau of Labor Statistics. If a county has
15 elected to subject itself to the provisions of Section 15-176
16 as provided in subsection (k) of that Section, then, for the
17 first taxable year only after the provisions of Section 15-176
18 no longer apply, for owners who, for the taxable year, have not
19 been granted a senior citizens assessment freeze homestead
20 exemption under Section 15-172 or a long-time occupant
21 homestead exemption under Section 15-177, there shall be an
22 additional exemption of \$5,000 for owners with a household
23 income of \$30,000 or less.

24 (c) In counties with fewer than 3,000,000 inhabitants, if,
25 based on the most recent assessment, the equalized assessed
26 value of the homestead property for the current assessment year

1 is greater than the equalized assessed value of the property
2 for 1977, the owner of the property shall automatically receive
3 the exemption granted under this Section in an amount equal to
4 the increase over the 1977 assessment up to the maximum
5 reduction set forth in this Section.

6 (d) If in any assessment year beginning with the 2000
7 assessment year, homestead property has a pro-rata valuation
8 under Section 9-180 resulting in an increase in the assessed
9 valuation, a reduction in equalized assessed valuation equal to
10 the increase in equalized assessed value of the property for
11 the year of the pro-rata valuation above the equalized assessed
12 value of the property for 1977 shall be applied to the property
13 on a proportionate basis for the period the property qualified
14 as homestead property during the assessment year. The maximum
15 proportionate homestead exemption shall not exceed the maximum
16 homestead exemption allowed in the county under this Section
17 divided by 365 and multiplied by the number of days the
18 property qualified as homestead property.

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

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

26 (2) that a copy of the lease must be filed with the

1 chief county assessment officer by the owner of the
2 property at the time the notarized application is
3 submitted;

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

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

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

24 In addition, if there is a change in lessee, or if the
25 lessee vacates the property, then the chief county assessment
26 officer may require the owner of the property to notify the

1 chief county assessment officer of that change.

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

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

25 "Household", as used in this Section, means the owner, the
26 spouse of the owner, and all persons using the residence of the

1 owner as their principal place of residence.

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

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

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

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

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

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

11 (j) In counties with fewer than 3,000,000 inhabitants, in
12 the event of a sale of homestead property the homestead
13 exemption shall remain in effect for the remainder of the
14 assessment year of the sale. The assessor or chief county
15 assessment officer may require the new owner of the property to
16 apply for the homestead exemption for the following assessment
17 year.

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

21 (Source: P.A. 97-689, eff. 6-14-12; 97-1125, eff. 8-28-12;
22 98-7, eff. 4-23-13; 98-463, eff. 8-16-13.)

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