

HB2725



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB2725

by Rep. Tom Demmer

SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-175

Amends the Property Tax Code. Provides that the assessor or chief county assessment officer shall automatically apply the general homestead exemption to any qualified property that was approved for and received a general homestead exemption in the immediately preceding year.

LRB101 07882 HLH 52937 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

A BILL FOR

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 cooperatives
11 or life care facilities, to a reduction in the equalized
12 assessed value of homestead property equal to the increase in
13 equalized assessed value for the current assessment year above
14 the equalized assessed value of the property for 1977, up to
15 the maximum reduction set forth below. If however, the 1977
16 equalized assessed value upon which taxes were paid is
17 subsequently determined by local assessing officials, the
18 Property Tax Appeal Board, or a court to have been excessive,
19 the equalized assessed value which should have been placed on
20 the property for 1977 shall be used to determine the amount of
21 the 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 through 2016,
7 the maximum reduction is \$7,000 in counties with 3,000,000 or
8 more inhabitants and \$6,000 in all other counties. For taxable
9 years 2017 and thereafter, the maximum reduction is \$10,000 in
10 counties with 3,000,000 or more inhabitants and \$6,000 in all
11 other counties. If a county has elected to subject itself to
12 the provisions of Section 15-176 as provided in subsection (k)
13 of that Section, then, for the first taxable year only after
14 the provisions of Section 15-176 no longer apply, for owners
15 who, for the taxable year, have not been granted a senior
16 citizens assessment freeze homestead exemption under Section
17 15-172 or a long-time occupant homestead exemption under
18 Section 15-177, there shall be an additional exemption of
19 \$5,000 for owners with a household income of \$30,000 or less.

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

1 reduction set forth in this Section.

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

15 (d-1) In counties with 3,000,000 or more inhabitants, where
16 the chief county assessment officer provides a notice of
17 discovery, if a property is not occupied by its owner as a
18 principal residence as of January 1 of the current tax year,
19 then the property owner shall notify the chief county
20 assessment officer of that fact on a form prescribed by the
21 chief county assessment officer. That notice must be received
22 by the chief county assessment officer on or before March 1 of
23 the collection year. If mailed, the form shall be sent by
24 certified mail, return receipt requested. If the form is
25 provided in person, the chief county assessment officer shall
26 provide a date stamped copy of the notice. Failure to provide

1 timely notice pursuant to this subsection (d-1) shall result in
2 the exemption being treated as an erroneous exemption. Upon
3 timely receipt of the notice for the current tax year, no
4 exemption shall be applied to the property for the current tax
5 year. If the exemption is not removed upon timely receipt of
6 the notice by the chief assessment officer, then the error is
7 considered granted as a result of a clerical error or omission
8 on the part of the chief county assessment officer as described
9 in subsection (h) of Section 9-275, and the property owner
10 shall not be liable for the payment of interest and penalties
11 due to the erroneous exemption for the current tax year for
12 which the notice was filed after the date that notice was
13 timely received pursuant to this subsection. Notice provided
14 under this subsection shall not constitute a defense or amnesty
15 for prior year erroneous exemptions.

16 For the purposes of this subsection (d-1):

17 "Collection year" means the year in which the first and
18 second installment of the current tax year is billed.

19 "Current tax year" means the year prior to the collection
20 year.

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

24 (1) that a notarized application for the exemption,
25 signed by both the owner and the lessee of the property,
26 must be submitted each year during the application period

1 in effect for the county in which the property is located;

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

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

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

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

26 In addition, if there is a change in lessee, or if the

1 lessee vacates the property, then the chief county assessment
2 officer may require the owner of the property to notify the
3 chief county assessment officer of that change.

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

6 (f) "Homestead property" under this Section includes
7 residential property that is occupied by its owner or owners as
8 his or their principal dwelling place, or that is a leasehold
9 interest on which a single family residence is situated, which
10 is occupied as a residence by a person who has an ownership
11 interest therein, legal or equitable or as a lessee, and on
12 which the person is liable for the payment of property taxes.
13 For land improved with an apartment building owned and operated
14 as a cooperative, 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 land
23 improved with a life care facility, the maximum reduction from
24 the value of the property, as equalized by the Department,
25 shall be multiplied by the number of apartments or units
26 occupied by a person or persons, irrespective of any legal,

1 equitable, or leasehold interest in the facility, who are
2 liable, under a life care contract with the owner or owners of
3 record of the facility, for paying property taxes on the
4 property. For purposes of this Section, the term "life care
5 facility" has the meaning stated in Section 15-170.

6 "Household", as used in this Section, means the owner, the
7 spouse of the owner, and all persons using the residence of the
8 owner as their principal place of residence.

9 "Household income", as used in this Section, means the
10 combined income of the members of a household for the calendar
11 year preceding the taxable year.

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

16 (g) In a cooperative or life care facility where a
17 homestead exemption has been granted, the cooperative
18 association or the management of the cooperative or life care
19 facility shall credit the savings resulting from that exemption
20 only to the apportioned tax liability of the owner or resident
21 who qualified for the exemption. Any person who willfully
22 refuses to so credit the savings shall be guilty of a Class B
23 misdemeanor.

24 (h) Where married persons maintain and reside in separate
25 residences qualifying as homestead property, each residence
26 shall receive 50% of the total reduction in equalized assessed

1 valuation provided by this Section.

2 (i) In all counties, the assessor or chief county
3 assessment officer may determine the eligibility of
4 residential property to receive the homestead exemption and the
5 amount of the exemption by application, visual inspection,
6 questionnaire or other reasonable methods. The determination
7 shall be made in accordance with guidelines established by the
8 Department, provided that the taxpayer applying for an
9 additional general exemption under this Section shall submit to
10 the chief county assessment officer an application with an
11 affidavit of the applicant's total household income, age,
12 marital status (and, if married, the name and address of the
13 applicant's spouse, if known), and principal dwelling place of
14 members of the household on January 1 of the taxable year. The
15 Department shall issue guidelines establishing a method for
16 verifying the accuracy of the affidavits filed by applicants
17 under this paragraph. The applications shall be clearly marked
18 as applications for the Additional General Homestead
19 Exemption. Beginning in taxable year 2019, in all counties, the
20 assessor or chief county assessment officer shall
21 automatically apply the homestead exemption under this Section
22 to any qualified property that was approved for and received a
23 homestead exemption under this Section in the immediately
24 preceding year.

25 (i-5) This subsection (i-5) applies to counties with
26 3,000,000 or more inhabitants. In the event of a sale of

1 homestead property, the homestead exemption shall remain in
2 effect for the remainder of the assessment year of the sale.
3 Upon receipt of a transfer declaration transmitted by the
4 recorder pursuant to Section 31-30 of the Real Estate Transfer
5 Tax Law for property receiving an exemption under this Section,
6 the assessor shall mail a notice and forms to the new owner of
7 the property providing information pertaining to the rules and
8 applicable filing periods for applying or reapplying for
9 homestead exemptions under this Code for which the property may
10 be eligible. If the new owner fails to apply or reapply for a
11 homestead exemption during the applicable filing period or the
12 property no longer qualifies for an existing homestead
13 exemption, the assessor shall cancel such exemption for any
14 ensuing assessment year.

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

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

25 (l) The changes made to this Section by this amendatory Act
26 of the 100th General Assembly are effective for the 2018 tax

1 year and thereafter.

2 (Source: P.A. 99-143, eff. 7-27-15; 99-164, eff. 7-28-15;
3 99-642, eff. 7-28-16; 99-851, eff. 8-19-16; 100-401, eff.
4 8-25-17; 100-1077, eff. 1-1-19.)