

**SB2545**



**102ND GENERAL ASSEMBLY**

**State of Illinois**

**2021 and 2022**

**SB2545**

Introduced 2/26/2021, by Sen. Melinda Bush

**SYNOPSIS AS INTRODUCED:**

35 ILCS 200/15-175

Amends the Property Tax Code. Provides that, when considering whether to grant a leasehold exemption, the chief county assessment officer may require that the owner and the lessee are immediate family members.

LRB102 16267 HLH 21649 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  
10 exemption limited, except as described here with relation to  
11 cooperatives or life care facilities, to a reduction in the  
12 equalized assessed value of homestead property equal to the  
13 increase in equalized assessed value for the current  
14 assessment year above the equalized assessed value of the  
15 property for 1977, up to the maximum reduction set forth  
16 below. If however, the 1977 equalized assessed value upon  
17 which taxes were paid is subsequently determined by local  
18 assessing officials, the Property Tax Appeal Board, or a court  
19 to have been excessive, the equalized assessed value which  
20 should have been placed on the property for 1977 shall be used  
21 to determine the amount of 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,  
3 for taxable years 2004 through 2007, the maximum reduction  
4 shall be \$5,000, for taxable year 2008, the maximum reduction  
5 is \$5,500, and, for taxable years 2009 through 2011, the  
6 maximum reduction is \$6,000 in all counties. For taxable years  
7 2012 through 2016, the maximum reduction is \$7,000 in counties  
8 with 3,000,000 or more inhabitants and \$6,000 in all other  
9 counties. For taxable years 2017 and thereafter, the maximum  
10 reduction is \$10,000 in counties with 3,000,000 or more  
11 inhabitants and \$6,000 in all other counties. If a county has  
12 elected to subject itself to the provisions of Section 15-176  
13 as provided in subsection (k) of that Section, then, for the  
14 first taxable year only after the provisions of Section 15-176  
15 no longer apply, for owners who, for the taxable year, have not  
16 been granted a senior citizens assessment freeze homestead  
17 exemption under Section 15-172 or a long-time occupant  
18 homestead exemption under Section 15-177, there shall be an  
19 additional exemption of \$5,000 for owners with a household  
20 income of \$30,000 or less.

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

1 in an amount equal to the increase over the 1977 assessment up  
2 to the maximum reduction set forth in this Section.

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

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

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

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

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

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

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

25 (1) that a notarized application for the exemption,  
26 signed by both the owner and the lessee of the property,

1 must be submitted each year during the application period  
2 in effect for the county in which the property is located;

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

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

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

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

1           forth herein)."; ~~and-~~

2           (5) that the owner and the lessee are immediate family  
3           members, as defined in subsection (mm) of Section 1-4 of  
4           the Residential Mortgage License Act of 1987.

5           In addition, if there is a change in lessee, or if the  
6           lessee vacates the property, then the chief county assessment  
7           officer may require the owner of the property to notify the  
8           chief county assessment officer of that change.

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

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

1 interest in the cooperative apartment building, other than a  
2 leasehold interest. For land improved with a life care  
3 facility, the maximum reduction from the value of the  
4 property, as equalized by the Department, shall be multiplied  
5 by the number of apartments or units occupied by a person or  
6 persons, irrespective of any legal, equitable, or leasehold  
7 interest in the facility, who are liable, under a life care  
8 contract with the owner or owners of record of the facility,  
9 for paying property taxes on the property. For purposes of  
10 this Section, the term "life care facility" has the meaning  
11 stated in Section 15-170.

12 "Household", as used in this Section, means the owner, the  
13 spouse of the owner, and all persons using the residence of the  
14 owner as their principal place of residence.

15 "Household income", as used in this Section, means the  
16 combined income of the members of a household for the calendar  
17 year preceding the taxable year.

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

22 (g) In a cooperative or life care facility where a  
23 homestead exemption has been granted, the cooperative  
24 association or the management of the cooperative or life care  
25 facility shall credit the savings resulting from that  
26 exemption only to the apportioned tax liability of the owner



1 or resident who qualified for the exemption. Any person who  
2 willfully refuses to so credit the savings shall be guilty of a  
3 Class B misdemeanor.

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

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

26 (i-5) This subsection (i-5) applies to counties with

1 3,000,000 or more inhabitants. In the event of a sale of  
2 homestead property, the homestead exemption shall remain in  
3 effect for the remainder of the assessment year of the sale.  
4 Upon receipt of a transfer declaration transmitted by the  
5 recorder pursuant to Section 31-30 of the Real Estate Transfer  
6 Tax Law for property receiving an exemption under this  
7 Section, the assessor shall mail a notice and forms to the new  
8 owner of the property providing information pertaining to the  
9 rules and applicable filing periods for applying or reapplying  
10 for homestead exemptions under this Code for which the  
11 property may be eligible. If the new owner fails to apply or  
12 reapply for a homestead exemption during the applicable filing  
13 period or the property no longer qualifies for an existing  
14 homestead exemption, the assessor shall cancel such exemption  
15 for any ensuing assessment year.

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

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

26 (l) The changes made to this Section by this amendatory

1 Act of the 100th General Assembly are effective for the 2018  
2 tax year and thereafter.

3 (Source: P.A. 99-143, eff. 7-27-15; 99-164, eff. 7-28-15;  
4 99-642, eff. 7-28-16; 99-851, eff. 8-19-16; 100-401, eff.  
5 8-25-17; 100-1077, eff. 1-1-19.)