



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

HB1801

Introduced 1/28/2025, by Rep. Terra Costa Howard

#### SYNOPSIS AS INTRODUCED:

35 ILCS 200/9-265

Amends the Property Tax Code. In counties with fewer than 3,000,000 inhabitants, provides that property that receives an erroneous homestead exemption for the current assessment year or for any of the 3 prior assessment years may be considered omitted property. Provides for penalties and interest to be imposed on that omitted property. Provides that any arrearage of taxes or interest that might have been assessed against that omitted property shall not be chargeable to certain bona fide purchasers of the property. Effective immediately.

LRB104 07564 HLH 17608 b

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 9-265 as follows:

6 (35 ILCS 200/9-265)

7 Sec. 9-265. Omitted property; interest; change in exempt  
8 use or ownership.

9 (a) If any property is omitted in the assessment of any  
10 year or years, not to exceed the current assessment year and 3  
11 prior years, so that the taxes, for which the property was  
12 liable, have not been paid, or if by reason of defective  
13 description or assessment, taxes on any property for any year  
14 or years have not been paid, or if any taxes are refunded under  
15 subsection (b) of Section 14-5 because the taxes were assessed  
16 in the wrong person's name, the property, when discovered,  
17 shall be listed and assessed by the board of review or, in  
18 counties with 3,000,000 or more inhabitants, by the county  
19 assessor either on his or her own initiative or when so  
20 directed by the board of appeals or board of review.

21 (b) The board of review in counties with less than  
22 3,000,000 inhabitants or the county assessor in counties with  
23 3,000,000 or more inhabitants may develop reasonable

1 procedures for contesting the listing of omitted property  
2 under this Division.

3 (c) For purposes of this Section, "defective description  
4 or assessment" includes a description or assessment which  
5 omits all the improvements thereon as a result of which part of  
6 the taxes on the total value of the property as improved remain  
7 unpaid. In the case of property subject to assessment by the  
8 Department, the property shall be listed and assessed by the  
9 Department. All such property shall be placed on the  
10 assessment and tax books.

11 (d) The arrearages of taxes which might have been  
12 assessed, with 10% interest thereon for each year or portion  
13 thereof from 2 years after the time the first correct tax bill  
14 ought to have been received, shall be charged against the  
15 property by the county clerk.

16 (e) When property or acreage omitted by either incorrect  
17 survey or other ministerial assessor error is discovered and  
18 the owner has paid its tax bills as received for the year or  
19 years of omission of the parcel, then the interest authorized  
20 by this Section shall not be chargeable to the owner. However,  
21 nothing in this Section shall prevent the collection of the  
22 principal amount of back taxes due and owing.

23 (f) If any property listed as exempt by the chief county  
24 assessment officer has a change in use, a change in leasehold  
25 estate, or a change in titleholder of record by purchase,  
26 grant, taking or transfer, it shall be the obligation of the

1 transferee to notify the chief county assessment officer in  
2 writing within 90 days of the change. If mailed, the notice  
3 shall be sent by certified mail, return receipt requested, and  
4 shall include the name and address of the taxpayer, the legal  
5 description of the property, and the property index number of  
6 the property when an index number exists. If notice is  
7 provided in person, it shall be provided on a form prescribed  
8 by the chief county assessment officer, and the chief county  
9 assessment officer shall provide a date stamped copy of the  
10 notice. Except as provided in item (6) of subsection (a) of  
11 Section 9-260, item (6) of Section 16-135, and item (6) of  
12 Section 16-140 of this Code, if the failure to give the  
13 notification results in the assessing official continuing to  
14 list the property as exempt in subsequent years, the property  
15 shall be considered omitted property for purposes of this  
16 Code.

17 (g) In counties with fewer than 3,000,000 inhabitants, if  
18 a chief county assessment officer discovers at any time before  
19 judgment that a property has been granted a homestead  
20 exemption under Article 15 of this Code to which it was not  
21 entitled for the current assessment year or for any of the 3  
22 prior assessment years, the chief county assessment officer  
23 may consider the erroneously exempt portion of the property as  
24 omitted property under this Section for the assessment year in  
25 which the erroneous homestead exemption was applied to the  
26 property, but not including any assessment year that occurred

1 more than 3 years prior to the current assessment year. The  
2 county or its designated agent may use any remedy allowed by  
3 law to collect the taxes due on property that is omitted  
4 property under this subsection, plus interest in the amount of  
5 10% per annum on those amounts, as well as any additional fees  
6 or costs incurred in identifying and collecting the unpaid  
7 taxes that taxable year only.

8 Any arrearage of taxes that might have been assessed  
9 against the omitted property but for the erroneous homestead  
10 exemption, as well as any interest, fees, or costs imposed on  
11 that property under this Section, shall not be chargeable to  
12 any bona fide purchaser for value who acquires the property  
13 without notice of the erroneous homestead exemption and whose  
14 rights in and to the underlying parcel arose after the  
15 erroneous homestead exemption was granted but before the  
16 erroneously exempt portion of the property was listed as  
17 omitted pursuant to this subsection. Nor shall those amounts  
18 be chargeable to any mortgagee, tax buyer, judgment creditor,  
19 or other lienor whose rights in and to the underlying parcel  
20 arose after the erroneous homestead exemption was granted but  
21 before the erroneously exempt portion of the property was  
22 listed as omitted.

23 A title insurance policy for the property that is issued  
24 by a title company licensed to do business in the State and  
25 that shows that the property is free and clear of any liens or  
26 arrearsages imposed under this Section shall be prima facie

1 evidence that the person acquiring an interest in the property  
2 is without notice of the erroneous homestead exemption.

3 (Source: P.A. 98-615, eff. 6-1-14.)

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