



## 104TH GENERAL ASSEMBLY

### State of Illinois

### 2025 and 2026

### SB2798

Introduced 1/13/2026, by Sen. Laura M. Murphy

#### SYNOPSIS AS INTRODUCED:

35 ILCS 200/9-145

35 ILCS 200/15-175

65 ILCS 5/11-74.4-7

from Ch. 24, par. 11-74.4-7

Amends the Property Tax Code. Provides that, for taxable year 2026, the maximum reduction for the general homestead exemption shall be \$10,000 in all counties. Provides that, for taxable years 2027 and thereafter, the maximum reduction for the general homestead exemption in all counties shall be the maximum reduction for the immediately preceding taxable year, increased by the lesser of (i) 5% or (ii) the percentage increase in the Consumer Price Index during the 12-month period ending on September 30 of the immediately preceding taxable year. Provides that, for assessment years following the next general assessment after the effective date of the amendatory Act, no increase in assessment may exceed 20% per year, subject to certain exceptions. Amends the Tax Increment Allocation Redevelopment Act of the Illinois Municipal Code. Provides that all surplus funds in the special tax allocation fund shall be distributed as soon as possible after they are calculated (rather than distributed annually within 180 days after the close of the municipality's fiscal year). Effective immediately.

LRB104 17100 HLH 30519 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 Sections 9-145 and 15-175 as follows:

6 (35 ILCS 200/9-145)

7 Sec. 9-145. Statutory level of assessment. Except in  
8 counties with more than 200,000 inhabitants which classify  
9 property for purposes of taxation, property shall be valued as  
10 follows:

11 (a) Each tract or lot of property shall be valued at 33  
12 1/3% of its fair cash value.

13 (b) Each taxable leasehold estate shall be valued at  
14 33 1/3% of its fair cash value.

15 (c) Each building or structure which is located on the  
16 right of way of any canal, railroad or other company  
17 leased or granted to another company or person for a term  
18 of years, shall be valued at 33 1/3% of its fair cash  
19 value.

20 (d) Any property on which there is a coal or other  
21 mine, or stone or other quarry, shall be valued at 33 1/3%  
22 of its fair cash value. Oil, gas and other minerals,  
23 except coal, shall have value and be assessed separately

1 at 33 1/3% of the fair cash value of such oil, gas and  
2 other minerals. Coal shall be assessed separately at 33  
3 1/3% of the coal reserve economic value, as provided in  
4 Sections 10-170 through 10-200.

5 (e) In the assessment of property encumbered by public  
6 easement, any depreciation occasioned by such easement  
7 shall be deducted in the valuation of such property. Any  
8 property dedicated as a nature preserve or as a nature  
9 preserve buffer under the Illinois Natural Areas  
10 Preservation Act, for the purposes of this paragraph, is  
11 encumbered by a public easement and shall be depreciated  
12 for assessment purposes to a level at which its valuation  
13 shall be \$1 per acre or portion thereof.

14 (f) For assessment years 2025 through 2027, no  
15 increase in assessment may exceed 20% per year unless at  
16 least one of the following factors is met:

17 (1) the property is sold, transferred, or conveyed  
18 during the taxable year, in which case it shall be  
19 reassessed based on its value as of the date of sale,  
20 transfer, or conveyance;

21 (2) significant improvements were made to the  
22 property;

23 (3) a homestead exemption or other preferential  
24 method of assessment was removed with respect to that  
25 property during the taxable year; or

26 (4) the increase was due to an equalization factor

1           imposed by the township, county, or Department of  
2           Revenue.

3           The property owner may request from the chief county  
4           assessment officer reasonable proof that an increase in an  
5           assessment of more than 20% is due to one of the items  
6           listed in paragraphs (1) through (4).

7           This Section is subject to and modified by Sections 10-110  
8           through 10-140 and 11-5 through 11-65.

9           (Source: P.A. 91-497, eff. 1-1-00.)

10           (35 ILCS 200/15-175)

11           Sec. 15-175. General homestead exemption.

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

1 (b) Except as provided in Section 15-176, the maximum  
2 reduction before taxable year 2004 shall be \$4,500 in counties  
3 with 3,000,000 or more inhabitants and \$3,500 in all other  
4 counties. Except as provided in Sections 15-176 and 15-177,  
5 for taxable years 2004 through 2007, the maximum reduction  
6 shall be \$5,000, for taxable year 2008, the maximum reduction  
7 is \$5,500, and, for taxable years 2009 through 2011, the  
8 maximum reduction is \$6,000 in all counties. For taxable years  
9 2012 through 2016, the maximum reduction is \$7,000 in counties  
10 with 3,000,000 or more inhabitants and \$6,000 in all other  
11 counties. For taxable years 2017 through 2022, the maximum  
12 reduction is \$10,000 in counties with 3,000,000 or more  
13 inhabitants and \$6,000 in all other counties. For taxable  
14 years 2023 and 2025 ~~thereafter~~, the maximum reduction is  
15 \$10,000 in counties with 3,000,000 or more inhabitants, \$8,000  
16 in counties that are contiguous to a county of 3,000,000 or  
17 more inhabitants, and \$6,000 in all other counties. For  
18 taxable year 2026, the maximum reduction shall be \$10,000 in  
19 all counties. For taxable years 2027 and thereafter, the  
20 maximum reduction in all counties shall be the maximum  
21 reduction for the immediately preceding taxable year,  
22 increased by the lesser of (i) 5% or (ii) the percentage  
23 increase in the Consumer Price Index during the 12-month  
24 period ending on September 30 of the immediately preceding  
25 taxable year. If a county has elected to subject itself to the  
26 provisions of Section 15-176 as provided in subsection (k) of

1 that Section, then, for the first taxable year only after the  
2 provisions of Section 15-176 no longer apply, for owners who,  
3 for the taxable year, have not been granted a senior citizens  
4 assessment freeze homestead exemption under Section 15-172 or  
5 a long-time occupant homestead exemption under Section 15-177,  
6 there shall be an additional exemption of \$5,000 for owners  
7 with a household income of \$30,000 or less.

8 (c) In counties with fewer than 3,000,000 inhabitants, if,  
9 based on the most recent assessment, the equalized assessed  
10 value of the homestead property for the current assessment  
11 year is greater than the equalized assessed value of the  
12 property for 1977, the owner of the property shall  
13 automatically receive the exemption granted under this Section  
14 in an amount equal to the increase over the 1977 assessment up  
15 to the maximum reduction set forth in this Section.

16 (d) If in any assessment year beginning with the 2000  
17 assessment year, homestead property has a pro-rata valuation  
18 under Section 9-180 resulting in an increase in the assessed  
19 valuation, a reduction in equalized assessed valuation equal  
20 to the increase in equalized assessed value of the property  
21 for the year of the pro-rata valuation above the equalized  
22 assessed value of the property for 1977 shall be applied to the  
23 property on a proportionate basis for the period the property  
24 qualified as homestead property during the assessment year.  
25 The maximum proportionate homestead exemption shall not exceed  
26 the maximum homestead exemption allowed in the county under

1 this Section divided by 365 and multiplied by the number of  
2 days the property qualified as homestead property.

3 (d-1) In counties with 3,000,000 or more inhabitants,  
4 where the chief county assessment officer provides a notice of  
5 discovery, if a property is not occupied by its owner as a  
6 principal residence as of January 1 of the current tax year,  
7 then the property owner shall notify the chief county  
8 assessment officer of that fact on a form prescribed by the  
9 chief county assessment officer. That notice must be received  
10 by the chief county assessment officer on or before March 1 of  
11 the collection year. If mailed, the form shall be sent by  
12 certified mail, return receipt requested. If the form is  
13 provided in person, the chief county assessment officer shall  
14 provide a date stamped copy of the notice. Failure to provide  
15 timely notice pursuant to this subsection (d-1) shall result  
16 in the exemption being treated as an erroneous exemption. Upon  
17 timely receipt of the notice for the current tax year, no  
18 exemption shall be applied to the property for the current tax  
19 year. If the exemption is not removed upon timely receipt of  
20 the notice by the chief assessment officer, then the error is  
21 considered granted as a result of a clerical error or omission  
22 on the part of the chief county assessment officer as  
23 described in subsection (h) of Section 9-275, and the property  
24 owner shall not be liable for the payment of interest and  
25 penalties due to the erroneous exemption for the current tax  
26 year for which the notice was filed after the date that notice

1 was timely received pursuant to this subsection. Notice  
2 provided under this subsection shall not constitute a defense  
3 or amnesty for prior year erroneous exemptions.

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

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

7 "Current tax year" means the year prior to the collection  
8 year.

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

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

16 (2) that a copy of the lease must be filed with the  
17 chief county assessment officer by the owner of the  
18 property at the time the notarized application is  
19 submitted;

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

22 (4) that the lease must include the following language  
23 in substantially the following form:

24 "Lessee shall be liable for the payment of real  
25 estate taxes with respect to the residence in  
26 accordance with the terms and conditions of Section

1 15-175 of the Property Tax Code (35 ILCS 200/15-175).  
2 The permanent real estate index number for the  
3 premises is (insert number), and, according to the  
4 most recent property tax bill, the current amount of  
5 real estate taxes associated with the premises is  
6 (insert amount) per year. The parties agree that the  
7 monthly rent set forth above shall be increased or  
8 decreased pro rata (effective January 1 of each  
9 calendar year) to reflect any increase or decrease in  
10 real estate taxes. Lessee shall be deemed to be  
11 satisfying Lessee's liability for the above mentioned  
12 real estate taxes with the monthly rent payments as  
13 set forth above (or increased or decreased as set  
14 forth herein).".

15 In addition, if there is a change in lessee, or if the  
16 lessee vacates the property, then the chief county assessment  
17 officer may require the owner of the property to notify the  
18 chief county assessment officer of that change.

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

21 (f) "Homestead property" under this Section includes  
22 residential property that is occupied by its owner or owners  
23 as his or their principal dwelling place, or that is a  
24 leasehold interest on which a single family residence is  
25 situated, which is occupied as a residence by a person who has  
26 an ownership interest therein, legal or equitable or as a

1 lessee, and on which the person is liable for the payment of  
2 property taxes. For land improved with an apartment building  
3 owned and operated as a cooperative, the maximum reduction  
4 from the equalized assessed value shall be limited to the  
5 increase in the value above the equalized assessed value of  
6 the property for 1977, up to the maximum reduction set forth  
7 above, multiplied by the number of apartments or units  
8 occupied by a person or persons who is liable, by contract with  
9 the owner or owners of record, for paying property taxes on the  
10 property and is an owner of record of a legal or equitable  
11 interest in the cooperative apartment building, other than a  
12 leasehold interest. For land improved with a life care  
13 facility, the maximum reduction from the value of the  
14 property, as equalized by the Department, shall be multiplied  
15 by the number of apartments or units occupied by a person or  
16 persons, irrespective of any legal, equitable, or leasehold  
17 interest in the facility, who are liable, under a life care  
18 contract with the owner or owners of record of the facility,  
19 for paying property taxes on the property. For purposes of  
20 this Section, the term "life care facility" has the meaning  
21 stated in Section 15-170.

22 (f-1) As used in this Section:

23 "Consumer Price Index" means the index published by the  
24 Bureau of Labor Statistics of the United States Department of  
25 Labor that measures the average change in prices of goods and  
26 services purchased by all urban consumers, United States city

1 average, all items, 1982-84 = 100.

2 "Household", ~~as used in this Section,~~ means the owner, the  
3 spouse of the owner, and all persons using the residence of the  
4 owner as their principal place of residence.

5 "Household income", ~~as used in this Section,~~ means the  
6 combined income of the members of a household for the calendar  
7 year preceding the taxable year.

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

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

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

24 (i) In all counties, the assessor or chief county  
25 assessment officer may determine the eligibility of  
26 residential property to receive the homestead exemption and

1 the amount of the exemption by application, visual inspection,  
2 questionnaire or other reasonable methods. The determination  
3 shall be made in accordance with guidelines established by the  
4 Department, provided that the taxpayer applying for an  
5 additional general exemption under this Section shall submit  
6 to the chief county assessment officer an application with an  
7 affidavit of the applicant's total household income, age,  
8 marital status (and, if married, the name and address of the  
9 applicant's spouse, if known), and principal dwelling place of  
10 members of the household on January 1 of the taxable year. The  
11 Department shall issue guidelines establishing a method for  
12 verifying the accuracy of the affidavits filed by applicants  
13 under this paragraph. The applications shall be clearly marked  
14 as applications for the Additional General Homestead  
15 Exemption.

16 (i-5) This subsection (i-5) applies to counties with  
17 3,000,000 or more inhabitants. In the event of a sale of  
18 homestead property, the homestead exemption shall remain in  
19 effect for the remainder of the assessment year of the sale.  
20 Upon receipt of a transfer declaration transmitted by the  
21 recorder pursuant to Section 31-30 of the Real Estate Transfer  
22 Tax Law for property receiving an exemption under this  
23 Section, the assessor shall mail a notice and forms to the new  
24 owner of the property providing information pertaining to the  
25 rules and applicable filing periods for applying or reapplying  
26 for homestead exemptions under this Code for which the

1 property may be eligible. If the new owner fails to apply or  
2 reapply for a homestead exemption during the applicable filing  
3 period or the property no longer qualifies for an existing  
4 homestead exemption, the assessor shall cancel such exemption  
5 for any ensuing assessment year.

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

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

16 (l) The changes made to this Section by this amendatory  
17 Act of the 100th General Assembly are effective for the 2018  
18 tax year and thereafter.

19 (Source: P.A. 102-895, eff. 5-23-22.)

20 Section 10. The Illinois Municipal Code is amended by  
21 changing Section 11-74.4-7 as follows:

22 (65 ILCS 5/11-74.4-7) (from Ch. 24, par. 11-74.4-7)

23 Sec. 11-74.4-7. Obligations secured by the special tax  
24 allocation fund set forth in Section 11-74.4-8 for the

1 redevelopment project area may be issued to provide for  
2 redevelopment project costs. Such obligations, when so issued,  
3 shall be retired in the manner provided in the ordinance  
4 authorizing the issuance of such obligations by the receipts  
5 of taxes levied as specified in Section 11-74.4-9 against the  
6 taxable property included in the area, by revenues as  
7 specified by Section 11-74.4-8a and other revenue designated  
8 by the municipality. A municipality may in the ordinance  
9 pledge all or any part of the funds in and to be deposited in  
10 the special tax allocation fund created pursuant to Section  
11 11-74.4-8 to the payment of the redevelopment project costs  
12 and obligations. Any pledge of funds in the special tax  
13 allocation fund shall provide for distribution to the taxing  
14 districts and to the Illinois Department of Revenue of moneys  
15 not required, pledged, earmarked, or otherwise designated for  
16 payment and securing of the obligations and anticipated  
17 redevelopment project costs and such excess funds shall be  
18 calculated annually and deemed to be "surplus" funds. In the  
19 event a municipality only applies or pledges a portion of the  
20 funds in the special tax allocation fund for the payment or  
21 securing of anticipated redevelopment project costs or of  
22 obligations, any such funds remaining in the special tax  
23 allocation fund after complying with the requirements of the  
24 application or pledge, shall also be calculated annually and  
25 deemed "surplus" funds. All surplus funds in the special tax  
26 allocation fund shall be distributed as soon as possible after

1 ~~they are calculated under this Section annually within 180~~  
2 ~~days after the close of the municipality's fiscal year~~ by  
3 being paid by the municipal treasurer to the County Collector,  
4 to the Department of Revenue and to the municipality in direct  
5 proportion to the tax incremental revenue received as a result  
6 of an increase in the equalized assessed value of property in  
7 the redevelopment project area, tax incremental revenue  
8 received from the State and tax incremental revenue received  
9 from the municipality, but not to exceed as to each such source  
10 the total incremental revenue received from that source. The  
11 County Collector shall thereafter make distribution to the  
12 respective taxing districts in the same manner and proportion  
13 as the most recent distribution by the county collector to the  
14 affected districts of real property taxes from real property  
15 in the redevelopment project area.

16 Without limiting the foregoing in this Section, the  
17 municipality may in addition to obligations secured by the  
18 special tax allocation fund pledge for a period not greater  
19 than the term of the obligations towards payment of such  
20 obligations any part or any combination of the following: (a)  
21 net revenues of all or part of any redevelopment project; (b)  
22 taxes levied and collected on any or all property in the  
23 municipality; (c) the full faith and credit of the  
24 municipality; (d) a mortgage on part or all of the  
25 redevelopment project; (d-5) repayment of bonds issued  
26 pursuant to subsection (p-130) of Section 19-1 of the School

1 Code; or (e) any other taxes or anticipated receipts that the  
2 municipality may lawfully pledge.

3 Such obligations may be issued in one or more series  
4 bearing interest at such rate or rates as the corporate  
5 authorities of the municipality shall determine by ordinance.  
6 Such obligations shall bear such date or dates, mature at such  
7 time or times not exceeding 20 years from their respective  
8 dates, be in such denomination, carry such registration  
9 privileges, be executed in such manner, be payable in such  
10 medium of payment at such place or places, contain such  
11 covenants, terms and conditions, and be subject to redemption  
12 as such ordinance shall provide. Obligations issued pursuant  
13 to this Act may be sold at public or private sale at such price  
14 as shall be determined by the corporate authorities of the  
15 municipalities. No referendum approval of the electors shall  
16 be required as a condition to the issuance of obligations  
17 pursuant to this Division except as provided in this Section.

18 In the event the municipality authorizes issuance of  
19 obligations pursuant to the authority of this Division secured  
20 by the full faith and credit of the municipality, which  
21 obligations are other than obligations which may be issued  
22 under home rule powers provided by Article VII, Section 6 of  
23 the Illinois Constitution, or pledges taxes pursuant to (b) or  
24 (c) of the second paragraph of this section, the ordinance  
25 authorizing the issuance of such obligations or pledging such  
26 taxes shall be published within 10 days after such ordinance

1 has been passed in one or more newspapers, with general  
2 circulation within such municipality. The publication of the  
3 ordinance shall be accompanied by a notice of (1) the specific  
4 number of voters required to sign a petition requesting the  
5 question of the issuance of such obligations or pledging taxes  
6 to be submitted to the electors; (2) the time in which such  
7 petition must be filed; and (3) the date of the prospective  
8 referendum. The municipal clerk shall provide a petition form  
9 to any individual requesting one.

10 If no petition is filed with the municipal clerk, as  
11 hereinafter provided in this Section, within 30 days after the  
12 publication of the ordinance, the ordinance shall be in  
13 effect. But, if within that 30 day period a petition is filed  
14 with the municipal clerk, signed by electors in the  
15 municipality numbering 10% or more of the number of registered  
16 voters in the municipality, asking that the question of  
17 issuing obligations using full faith and credit of the  
18 municipality as security for the cost of paying for  
19 redevelopment project costs, or of pledging taxes for the  
20 payment of such obligations, or both, be submitted to the  
21 electors of the municipality, the corporate authorities of the  
22 municipality shall call a special election in the manner  
23 provided by law to vote upon that question, or, if a general,  
24 State or municipal election is to be held within a period of  
25 not less than 30 or more than 90 days from the date such  
26 petition is filed, shall submit the question at the next

1 general, State or municipal election. If it appears upon the  
2 canvass of the election by the corporate authorities that a  
3 majority of electors voting upon the question voted in favor  
4 thereof, the ordinance shall be in effect, but if a majority of  
5 the electors voting upon the question are not in favor  
6 thereof, the ordinance shall not take effect.

7 The ordinance authorizing the obligations may provide that  
8 the obligations shall contain a recital that they are issued  
9 pursuant to this Division, which recital shall be conclusive  
10 evidence of their validity and of the regularity of their  
11 issuance.

12 In the event the municipality authorizes issuance of  
13 obligations pursuant to this Section secured by the full faith  
14 and credit of the municipality, the ordinance authorizing the  
15 obligations may provide for the levy and collection of a  
16 direct annual tax upon all taxable property within the  
17 municipality sufficient to pay the principal thereof and  
18 interest thereon as it matures, which levy may be in addition  
19 to and exclusive of the maximum of all other taxes authorized  
20 to be levied by the municipality, which levy, however, shall  
21 be abated to the extent that monies from other sources are  
22 available for payment of the obligations and the municipality  
23 certifies the amount of said monies available to the county  
24 clerk.

25 A certified copy of such ordinance shall be filed with the  
26 county clerk of each county in which any portion of the

1 municipality is situated, and shall constitute the authority  
2 for the extension and collection of the taxes to be deposited  
3 in the special tax allocation fund.

4 A municipality may also issue its obligations to refund in  
5 whole or in part, obligations theretofore issued by such  
6 municipality under the authority of this Act, whether at or  
7 prior to maturity, provided however, that the last maturity of  
8 the refunding obligations may not be later than the dates set  
9 forth under Section 11-74.4-3.5.

10 In the event a municipality issues obligations under home  
11 rule powers or other legislative authority the proceeds of  
12 which are pledged to pay for redevelopment project costs, the  
13 municipality may, if it has followed the procedures in  
14 conformance with this division, retire said obligations from  
15 funds in the special tax allocation fund in amounts and in such  
16 manner as if such obligations had been issued pursuant to the  
17 provisions of this division.

18 All obligations heretofore or hereafter issued pursuant to  
19 this Act shall not be regarded as indebtedness of the  
20 municipality issuing such obligations or any other taxing  
21 district for the purpose of any limitation imposed by law.

22 (Source: P.A. 100-531, eff. 9-22-17.)

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