

# HB3279



## 103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB3279

Introduced 2/17/2023, by Rep. Blaine Wilhour

### SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-175  
35 ILCS 200/17-10  
35 ILCS 200/Art. 31 rep.  
765 ILCS 5/40 new  
765 ILCS 5/41 new

Repeals the Real Estate Transfer Tax Law of the Property Code. Moves provisions concerning the real estate transfer declarations and exemptions to the Conveyance Act. Makes conforming changes.

LRB103 05276 SPS 50294 b

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 Sections 15-175 and 17-10 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 through 2022, the maximum  
10 reduction is \$10,000 in counties with 3,000,000 or more  
11 inhabitants and \$6,000 in all other counties. For taxable  
12 years 2023 and thereafter, the maximum reduction is \$10,000 in  
13 counties with 3,000,000 or more inhabitants, \$8,000 in  
14 counties that are contiguous to a county of 3,000,000 or more  
15 inhabitants, and \$6,000 in all other counties. If a county has  
16 elected to subject itself to the provisions of Section 15-176  
17 as provided in subsection (k) of that Section, then, for the  
18 first taxable year only after the provisions of Section 15-176  
19 no longer apply, for owners who, for the taxable year, have not  
20 been granted a senior citizens assessment freeze homestead  
21 exemption under Section 15-172 or a long-time occupant  
22 homestead exemption under Section 15-177, there shall be an  
23 additional exemption of \$5,000 for owners with a household  
24 income of \$30,000 or less.

25 (c) In counties with fewer than 3,000,000 inhabitants, if,  
26 based on the most recent assessment, the equalized assessed

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

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

20 (d-1) In counties with 3,000,000 or more inhabitants,  
21 where the chief county assessment officer provides a notice of  
22 discovery, if a property is not occupied by its owner as a  
23 principal residence as of January 1 of the current tax year,  
24 then the property owner shall notify the chief county  
25 assessment officer of that fact on a form prescribed by the  
26 chief county assessment officer. That notice must be received

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

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

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

24 "Current tax year" means the year prior to the collection  
25 year.

26 (e) The chief county assessment officer may, when

1 considering whether to grant a leasehold exemption under this  
2 Section, require the following conditions to be met:

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

7 (2) that a copy of the lease must be filed with the  
8 chief county assessment officer by the owner of the  
9 property at the time the notarized application is  
10 submitted;

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

13 (4) that the lease must include the following language  
14 in substantially the following form:

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

1 real estate taxes. Lessee shall be deemed to be  
2 satisfying Lessee's liability for the above mentioned  
3 real estate taxes with the monthly rent payments as  
4 set forth above (or increased or decreased as set  
5 forth herein).".

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

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

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

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

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

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

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

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



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

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

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

1           (i-5) This subsection (i-5) applies to counties with  
2           3,000,000 or more inhabitants. In the event of a sale of  
3           homestead property, the homestead exemption shall remain in  
4           effect for the remainder of the assessment year of the sale.  
5           Upon receipt of a transfer declaration transmitted by the  
6           recorder pursuant to Section 40 of the Conveyances Act ~~Section~~  
7           ~~31-30 of the Real Estate Transfer Tax Law~~ for property  
8           receiving an exemption under this Section, the assessor shall  
9           mail a notice and forms to the new owner of the property  
10          providing information pertaining to the rules and applicable  
11          filing periods for applying or reapplying for homestead  
12          exemptions under this Code for which the property may be  
13          eligible. If the new owner fails to apply or reapply for a  
14          homestead exemption during the applicable filing period or the  
15          property no longer qualifies for an existing homestead  
16          exemption, the assessor shall cancel such exemption for any  
17          ensuing assessment year.

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

25          (k) Notwithstanding Sections 6 and 8 of the State Mandates  
26          Act, no reimbursement by the State is required for the

1 implementation of any mandate created by this Section.

2 (1) The changes made to this Section by this amendatory  
3 Act of the 100th General Assembly are effective for the 2018  
4 tax year and thereafter.

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

6 (35 ILCS 200/17-10)

7 Sec. 17-10. Sales ratio studies. The Department shall  
8 monitor the quality of local assessments by designing,  
9 preparing and using ratio studies, and shall use the results  
10 as the basis for equalization decisions. In compiling sales  
11 ratio studies, the Department shall exclude from the reported  
12 sales price of any property any amounts included for personal  
13 property and, for sales occurring through December 31, 1999,  
14 shall exclude seller paid points. The Department shall not  
15 include in its sales ratio studies sales of property which  
16 have been platted and for which an increase in the assessed  
17 valuation is restricted by Section 10-30. The Department shall  
18 not include in its sales ratio studies the initial sale of  
19 residential property that has been converted to condominium  
20 property. The Department shall include compulsory sales  
21 occurring on or after January 1, 2011 in its sales ratio  
22 studies. The Department shall also consider whether the  
23 compulsory sale would otherwise be considered an arm's length  
24 transaction, based on existing sales ratio study standards.

25 When the declaration required under Section 40 of the

1 ~~Conveyances Act the Real Estate Transfer Tax Law contains~~  
2 ~~financing information required under Section 31-25,~~ the  
3 Department shall adjust sales prices to exclude seller-paid  
4 points and shall adjust sales prices to "cash value" when  
5 seller related financing is used that is different than the  
6 prevailing cost of cash. The prevailing cost of cash for sales  
7 occurring on or after January 1, 1992 shall be established as  
8 the monthly average 30-year fixed Primary Mortgage Market  
9 Survey rate for the North Central Region as published weekly  
10 by the Federal Home Loan Mortgage Corporation, as computed by  
11 the Department, or such other rate as determined by the  
12 Department. This rate shall be known as the survey rate. For  
13 sales occurring on or after January 1, 1992, through December  
14 31, 1999, adjustments in the prevailing cost of cash shall be  
15 made only after the survey rate has been at or above 13% for 12  
16 consecutive months and will continue until the survey rate has  
17 been below 13% for 12 consecutive months. For sales occurring  
18 on or after January 1, 2000, adjustments for seller paid  
19 points and adjustments in the prevailing cost of cash shall be  
20 made only after the survey rate has been at or above 13% for 12  
21 consecutive months and will continue until the survey rate has  
22 been below 13% for 12 consecutive months. The Department shall  
23 make public its adjustment procedure upon request.

24 (Source: P.A. 96-1083, eff. 7-16-10.)

25 (35 ILCS 200/Art. 31 rep.)

1 Section 10. The Property Tax Code is amended by repealing  
2 Article 31.

3 Section 15. The Conveyances Act is amended by adding  
4 Sections 40 and 41 as follows:

5 (765 ILCS 5/40 new)

6 Sec. 40. Transfer declaration. At the time a deed, a  
7 document transferring a controlling interest in real property,  
8 or trust document is presented for recordation, or within 3  
9 business days after the transfer is effected, whichever is  
10 earlier, there shall also be presented to the recorder or  
11 registrar of titles a declaration, signed by at least one of  
12 the sellers and also signed by at least one of the buyers in  
13 the transaction or by the attorneys or agents for the sellers  
14 or buyers. The declaration shall state information including,  
15 but not limited to: (1) the value of the real property or  
16 beneficial interest in real property located in Illinois so  
17 transferred; (2) the parcel identifying number of the  
18 property; (3) the legal description of the property; (4) the  
19 date of the deed, the date the transfer was effected, or the  
20 date of the trust document; (5) the type of deed, transfer, or  
21 trust document; (6) the address of the property; (7) the type  
22 of improvement, if any, on the property; (8) information as to  
23 whether the transfer is between related individuals or  
24 corporate affiliates or is a compulsory transaction; (9) the

1 lot size or acreage; (10) the value of personal property sold  
2 with the real estate; (11) the year the contract was initiated  
3 if an installment sale; (12) any homestead exemptions, as  
4 provided in Sections 15-170, 15-172, 15-175, and 15-176 of the  
5 Property Tax Code as reflected on the most recent annual tax  
6 bill; (13) the name, address, and telephone number of the  
7 person preparing the declaration; and (14) whether the  
8 transfer is pursuant to compulsory sale. Except as provided in  
9 Section 41, a deed, a document transferring a controlling  
10 interest in real property, or trust document shall not be  
11 accepted for recordation unless it is accompanied by a  
12 declaration containing all the information requested in the  
13 declaration. When the declaration is signed by an attorney or  
14 agent on behalf of sellers or buyers who have the power of  
15 direction to deal with the title to the real estate under a  
16 land trust agreement, the trustee being the mere repository of  
17 record legal title with a duty of conveying the real estate  
18 only when and if directed in writing by the beneficiary or  
19 beneficiaries having the power of direction, the attorneys or  
20 agents executing the declaration on behalf of the sellers or  
21 buyers need identify only the land trust that is the  
22 repository of record legal title and not the beneficiary or  
23 beneficiaries having the power of direction under the land  
24 trust agreement. The declaration form shall be prescribed by  
25 the Department of Revenue and shall contain sales information  
26 questions. The subject of the financing questions shall

1 include any direct seller participation in the financing of  
2 the sale or information on financing that is unconventional so  
3 as to affect the fair cash value received by the seller.

4 (765 ILCS 5/41 new)

5 Sec. 41. Exemptions. The following deeds or trust  
6 documents shall be exempt from the transfer declaration  
7 described in Section 40:

8 (1) Deeds representing real estate transfers made  
9 before January 1, 1968, but recorded after that date and  
10 trust documents executed before January 1, 1986, but  
11 recorded after that date.

12 (2) Deeds to or trust documents relating to (i)  
13 property acquired by any governmental body or from any  
14 governmental body, (ii) property or interests transferred  
15 between governmental bodies, or (iii) property acquired by  
16 or from any corporation, society, association, foundation  
17 or institution organized and operated exclusively for  
18 charitable, religious or educational purposes. However,  
19 deeds or trust documents, other than those in which the  
20 Administrator of Veterans Affairs of the United States is  
21 the grantee pursuant to a foreclosure proceeding, shall  
22 not be exempt from filing the declaration.

23 (3) Deeds or trust documents that secure debt or other  
24 obligation.

25 (4) Deeds or trust documents that, without additional

1 consideration, confirm, correct, modify, or supplement a  
2 deed or trust document previously recorded.

3 (5) Deeds or trust documents where the actual  
4 consideration is less than \$100.

5 (6) Tax deeds.

6 (g) Deeds or trust documents that release property  
7 that is security for a debt or other obligation.

8 (7) Deeds of partition.

9 (8) Deeds or trust documents made pursuant to mergers,  
10 consolidations or transfers or sales of substantially all  
11 of the assets of corporations under plans of  
12 reorganization under the Federal Internal Revenue Code or  
13 Title 11 of the Federal Bankruptcy Act.

14 (9) Deeds or trust documents made by a subsidiary  
15 corporation to its parent corporation for no consideration  
16 other than the cancellation or surrender of the  
17 subsidiary's stock.

18 (10) Deeds when there is an actual exchange of real  
19 estate and trust documents when there is an actual  
20 exchange of beneficial interests, except that that money  
21 difference or money's worth paid from one to the other is  
22 not exempt from the tax. These deeds or trust documents,  
23 however, shall not be exempt from filing the declaration.

24 (11) Deeds issued to a holder of a mortgage, as  
25 defined in Section 15-103 of the Code of Civil Procedure,  
26 pursuant to a mortgage foreclosure proceeding or pursuant



1           to a transfer in lieu of foreclosure.

2           (12) A deed or trust document related to the purchase  
3           of a principal residence by a participant in the program  
4           authorized by the Home Ownership Made Easy Act, except  
5           that those deeds and trust documents shall not be exempt  
6           from filing the declaration.