



94TH GENERAL ASSEMBLY
State of Illinois
2005 and 2006
HB4859

Introduced 01/19/06, by Rep. Harry Osterman

SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-176

Amends the Property Tax Code. In a Section concerning the alternative general homestead exemption, deletes provisions ending the alternative exemption after certain tax years. Sets forth requirements for ordinances by counties concerning the homestead exemption. Effective immediately.

LRB094 17016 BDD 52297 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

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 15-176 as follows:

6 (35 ILCS 200/15-176)

7 Sec. 15-176. Alternative general homestead exemption.

8 (a) ~~In For the assessment years as determined under~~
9 ~~subsection (j), in~~ any county that has elected, by an ordinance
10 in accordance with subsection (k), to be subject to the
11 provisions of this Section in lieu of the provisions of Section
12 15-175, homestead property is entitled to an annual homestead
13 exemption equal to a reduction in the property's equalized
14 assessed value calculated as provided in this Section.

15 (b) As used in this Section:

16 (1) "Assessor" means the supervisor of assessments or
17 the chief county assessment officer of each county.

18 (2) "Adjusted homestead value" means the lesser of the
19 following values:

20 (A) The property's base homestead value increased
21 by 7% for each tax year after the base year through and
22 including the current tax year, or, if the property is
23 sold or ownership is otherwise transferred, the
24 property's base homestead value increased by 7% for
25 each tax year after the year of the sale or transfer
26 through and including the current tax year. The
27 increase by 7% each year is an increase by 7% over the
28 prior year.

29 (B) The property's equalized assessed value for
30 the current tax year minus (i) \$4,500 in Cook County or
31 \$3,500 in all other counties in tax year 2003 or (ii)
32 \$5,000 in all counties in tax year 2004 and thereafter.

1 (3) "Base homestead value".

2 (A) Except as provided in subdivision (b) (3) (B),
3 "base homestead value" means the equalized assessed
4 value of the property for the base year prior to
5 exemptions, minus (i) \$4,500 in Cook County or \$3,500
6 in all other counties in tax year 2003 or (ii) \$5,000
7 in all counties in tax year 2004 and thereafter,
8 provided that it was assessed for that year as
9 residential property qualified for any of the
10 homestead exemptions under Sections 15-170 through
11 15-175 of this Code, then in force, and further
12 provided that the property's assessment was not based
13 on a reduced assessed value resulting from a temporary
14 irregularity in the property for that year. Except as
15 provided in subdivision (b) (3) (B), if the property did
16 not have a residential equalized assessed value for the
17 base year, then "base homestead value" means the base
18 homestead value established by the assessor under
19 subsection (c).

20 (B) If the property is sold or ownership is
21 otherwise transferred, other than sales or transfers
22 between spouses or between a parent and a child, "base
23 homestead value" means the equalized assessed value of
24 the property at the time of the sale or transfer prior
25 to exemptions, minus (i) \$4,500 in Cook County or
26 \$3,500 in all other counties in tax year 2003 or (ii)
27 \$5,000 in all counties in tax year 2004 and thereafter,
28 provided that it was assessed as residential property
29 qualified for any of the homestead exemptions under
30 Sections 15-170 through 15-175 of this Code, then in
31 force, and further provided that the property's
32 assessment was not based on a reduced assessed value
33 resulting from a temporary irregularity in the
34 property.

35 (3.5) "Base year" means (i) tax year 2002 in Cook
36 County or (ii) ~~tax year 2002 or 2003~~ in all other counties,

1 ~~the tax year designated in accordance with the designation~~
2 ~~made~~ by the county as provided in subsection (k).

3 (4) "Current tax year" means the tax year for which the
4 exemption under this Section is being applied.

5 (5) "Equalized assessed value" means the property's
6 assessed value as equalized by the Department.

7 (6) "Homestead" or "homestead property" means:

8 (A) Residential property that as of January 1 of
9 the tax year is occupied by its owner or owners as his,
10 her, or their principal dwelling place, or that is a
11 leasehold interest on which a single family residence
12 is situated, that is occupied as a residence by a
13 person who has a legal or equitable interest therein
14 evidenced by a written instrument, as an owner or as a
15 lessee, and on which the person is liable for the
16 payment of property taxes. Residential units in an
17 apartment building owned and operated as a
18 cooperative, or as a life care facility, which are
19 occupied by persons who hold a legal or equitable
20 interest in the cooperative apartment building or life
21 care facility as owners or lessees, and who are liable
22 by contract for the payment of property taxes, shall be
23 included within this definition of homestead property.

24 (B) A homestead includes the dwelling place,
25 appurtenant structures, and so much of the surrounding
26 land constituting the parcel on which the dwelling
27 place is situated as is used for residential purposes.
28 If the assessor has established a specific legal
29 description for a portion of property constituting the
30 homestead, then the homestead shall be limited to the
31 property within that description.

32 (7) "Life care facility" means a facility as defined in
33 Section 2 of the Life Care Facilities Act.

34 (c) If the property did not have a residential equalized
35 assessed value for the base year as provided in subdivision
36 (b) (3) (A) of this Section, then the assessor shall first

1 determine an initial value for the property by comparison with
2 assessed values for the base year of other properties having
3 physical and economic characteristics similar to those of the
4 subject property, so that the initial value is uniform in
5 relation to assessed values of those other properties for the
6 base year. The product of the initial value multiplied by the
7 equalized factor for the base year for homestead properties in
8 that county, less (i) \$4,500 in Cook County or \$3,500 in all
9 other counties in tax year 2003 or (ii) \$5,000 in all counties
10 in tax year 2004 and thereafter, is the base homestead value.

11 For any tax year for which the assessor determines or
12 adjusts an initial value and hence a base homestead value under
13 this subsection (c), the initial value shall be subject to
14 review by the same procedures applicable to assessed values
15 established under this Code for that tax year.

16 (d) The base homestead value shall remain constant, except
17 that the assessor may revise it under the following
18 circumstances:

19 (1) If the equalized assessed value of a homestead
20 property for the current tax year is less than the previous
21 base homestead value for that property, then the current
22 equalized assessed value (provided it is not based on a
23 reduced assessed value resulting from a temporary
24 irregularity in the property) shall become the base
25 homestead value in subsequent tax years.

26 (2) For any year in which new buildings, structures, or
27 other improvements are constructed on the homestead
28 property that would increase its assessed value, the
29 assessor shall adjust the base homestead value as provided
30 in subsection (c) of this Section with due regard to the
31 value added by the new improvements.

32 (3) If the property is sold or ownership is otherwise
33 transferred, the base homestead value of the property shall
34 be adjusted as provided in subdivision (b) (3) (B). This item
35 (3) does not apply to sales or transfers between spouses or
36 between a parent and a child.

1 (e) The amount of the exemption under this Section is the
2 equalized assessed value of the homestead property for the
3 current tax year, minus the adjusted homestead value, with the
4 following exceptions:

5 (1) The exemption under this Section shall not exceed
6 \$20,000 for any taxable year.

7 (2) In the case of homestead property that also
8 qualifies for the exemption under Section 15-172, the
9 property is entitled to the exemption under this Section,
10 limited to the amount of (i) \$4,500 in Cook County or
11 \$3,500 in all other counties in tax year 2003 or (ii)
12 \$5,000 in all counties in tax year 2004 and thereafter.

13 (f) In the case of an apartment building owned and operated
14 as a cooperative, or as a life care facility, that contains
15 residential units that qualify as homestead property under this
16 Section, the maximum cumulative exemption amount attributed to
17 the entire building or facility shall not exceed the sum of the
18 exemptions calculated for each qualified residential unit. The
19 cooperative association, management firm, or other person or
20 entity that manages or controls the cooperative apartment
21 building or life care facility shall credit the exemption
22 attributable to each residential unit only to the apportioned
23 tax liability of the owner or other person responsible for
24 payment of taxes as to that unit. Any person who willfully
25 refuses to so credit the exemption is guilty of a Class B
26 misdemeanor.

27 (g) When married persons maintain separate residences, the
28 exemption provided under this Section shall be claimed by only
29 one such person and for only one residence.

30 (h) In the event of a sale or other transfer in ownership
31 of the homestead property, the exemption under this Section
32 shall remain in effect for the remainder of the tax year in
33 which the sale or transfer occurs, but (other than for sales or
34 transfers between spouses or between a parent and a child)
35 shall be calculated using the new base homestead value as
36 provided in subdivision (b) (3) (B). The assessor may require the

1 new owner of the property to apply for the exemption in the
2 following year.

3 (i) The assessor may determine whether property qualifies
4 as a homestead under this Section by application, visual
5 inspection, questionnaire, or other reasonable methods. Each
6 year, at the time the assessment books are certified to the
7 county clerk by the board of review, the assessor shall furnish
8 to the county clerk a list of the properties qualified for the
9 homestead exemption under this Section. The list shall note the
10 base homestead value of each property to be used in the
11 calculation of the exemption for the current tax year.

12 (j) ~~The In counties with 3,000,000 or more inhabitants, the~~
13 provisions of this Section apply until such time that the
14 county adopts an ordinance under subsection (k) to subject
15 itself to the provisions of Section 15-175 in lieu of this
16 Section. as follows:

17 ~~(1) If the general assessment year for the property is~~
18 ~~2003, this Section applies for assessment years 2003, 2004,~~
19 ~~and 2005. Thereafter, the provisions of Section 15-175~~
20 ~~apply.~~

21 ~~(2) If the general assessment year for the property is~~
22 ~~2004, this Section applies for assessment years 2004, 2005,~~
23 ~~and 2006. Thereafter, the provisions of Section 15-175~~
24 ~~apply.~~

25 ~~(3) If the general assessment year for the property is~~
26 ~~2005, this Section applies for assessment years 2005, 2006,~~
27 ~~and 2007. Thereafter, the provisions of Section 15-175~~
28 ~~apply.~~

29 ~~In counties with less than 3,000,000 inhabitants, this~~
30 ~~Section applies for assessment years (i) 2003, 2004, and 2005~~
31 ~~if 2002 is the designated base year or (ii) 2004, 2005, and~~
32 ~~2006 if 2003 is the designated base year. Thereafter, the~~
33 ~~provisions of Section 15-175 apply.~~

34 (k) To be subject to the provisions of this Section in lieu
35 of Section 15-175, a county must adopt an ordinance to subject
36 itself to the provisions of this Section ~~within 6 months after~~

1 ~~the effective date of this amendatory Act of the 93rd General~~
2 ~~Assembly.~~

3 In a county other than Cook County, the ordinance must
4 designate either tax year 2002 or tax year 2003 as the base
5 year if the ordinance was adopted on or before December 31,
6 2005. If the ordinance was adopted on or after January 1, 2006,
7 the ordinance must designate, as the base year, the tax year
8 immediately preceding the tax year in which the ordinance was
9 adopted.

10 A county that is subject to the provisions of this Section
11 may adopt an ordinance to subject itself to the provisions of
12 Section 15-175 in lieu of this Section. Any such ordinance may
13 not take effect until the tax year immediately following the
14 tax year in which the ordinance was adopted.

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

18 (Source: P.A. 93-715, eff. 7-12-04.)

19 Section 99. Effective date. This Act takes effect upon
20 becoming law.