



## 95TH GENERAL ASSEMBLY

### State of Illinois

#### 2007 and 2008

##### SB2398

Introduced 2/14/2008, by Sen. Terry Link

#### SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-176  
35 ILCS 200/15-177

Amends the Property Tax Code. In the alternative general homestead exemption, increases the maximum amount of the exemption to \$40,000 for taxable years 2007 and thereafter. In the long-time occupant homestead exemption, deletes a provision that the property's base homestead value is increased by 10% for each taxable year after the base year for qualified taxpayers with a household income of more than \$75,000 but not exceeding \$100,000. Provides, instead, that the property's base homestead value is increased by 7% for each for each taxable year after the base year for qualified taxpayers with a household income of \$100,000 or less. Effective immediately.

LRB095 19775 BDD 46153 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 Sections 15-176 and 15-177 as follows:

6 (35 ILCS 200/15-176)

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

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

1 property's base homestead value increased by 7% for  
2 each tax year after the year of the sale or transfer  
3 through and including the current tax year. The  
4 increase by 7% each year is an increase by 7% over the  
5 prior year.

6 (B) The property's equalized assessed value for  
7 the current tax year minus: (i) \$4,500 in Cook County  
8 or \$3,500 in all other counties in tax year 2003; (ii)  
9 \$5,000 in all counties in tax years 2004 and 2005; and  
10 (iii) the lesser of the amount of the general homestead  
11 exemption under Section 15-175 or an amount equal to  
12 the increase in the equalized assessed value for the  
13 current tax year above the equalized assessed value for  
14 1977 in tax year 2006 and thereafter.

15 (3) "Base homestead value".

16 (A) Except as provided in subdivision (b) (3) (A-5)  
17 or (b) (3) (B), "base homestead value" means the  
18 equalized assessed value of the property for the base  
19 year prior to exemptions, minus (i) \$4,500 in Cook  
20 County or \$3,500 in all other counties in tax year  
21 2003, (ii) \$5,000 in all counties in tax years 2004 and  
22 2005, or (iii) the lesser of the amount of the general  
23 homestead exemption under Section 15-175 or an amount  
24 equal to the increase in the equalized assessed value  
25 for the current tax year above the equalized assessed  
26 value for 1977 in tax year 2006 and thereafter,

1 provided that it was assessed for that year as  
2 residential property qualified for any of the  
3 homestead exemptions under Sections 15-170 through  
4 15-175 of this Code, then in force, and further  
5 provided that the property's assessment was not based  
6 on a reduced assessed value resulting from a temporary  
7 irregularity in the property for that year. Except as  
8 provided in subdivision (b) (3) (B), if the property did  
9 not have a residential equalized assessed value for the  
10 base year, then "base homestead value" means the base  
11 homestead value established by the assessor under  
12 subsection (c).

13 (A-5) On or before September 1, 2007, in Cook  
14 County, the base homestead value, as set forth under  
15 subdivision (b) (3) (A) and except as provided under  
16 subdivision (b) (3) (B), must be recalculated as the  
17 equalized assessed value of the property for the base  
18 year, prior to exemptions, minus:

19 (1) if the general assessment year for the  
20 property was 2003, the lesser of (i) \$4,500 or (ii)  
21 the amount equal to the increase in equalized  
22 assessed value for the 2002 tax year above the  
23 equalized assessed value for 1977;

24 (2) if the general assessment year for the  
25 property was 2004, the lesser of (i) \$4,500 or (ii)  
26 the amount equal to the increase in equalized

1           assessed value for the 2003 tax year above the  
2           equalized assessed value for 1977;

3           (3) if the general assessment year for the  
4           property was 2005, the lesser of (i) \$5,000 or (ii)  
5           the amount equal to the increase in equalized  
6           assessed value for the 2004 tax year above the  
7           equalized assessed value for 1977.

8           (B) If the property is sold or ownership is  
9           otherwise transferred, other than sales or transfers  
10          between spouses or between a parent and a child, "base  
11          homestead value" means the equalized assessed value of  
12          the property at the time of the sale or transfer prior  
13          to exemptions, minus: (i) \$4,500 in Cook County or  
14          \$3,500 in all other counties in tax year 2003; (ii)  
15          \$5,000 in all counties in tax years 2004 and 2005; and  
16          (iii) the lesser of the amount of the general homestead  
17          exemption under Section 15-175 or an amount equal to  
18          the increase in the equalized assessed value for the  
19          current tax year above the equalized assessed value for  
20          1977 in tax year 2006 and thereafter, provided that it  
21          was assessed as residential property qualified for any  
22          of the homestead exemptions under Sections 15-170  
23          through 15-175 of this Code, then in force, and further  
24          provided that the property's assessment was not based  
25          on a reduced assessed value resulting from a temporary  
26          irregularity in the property.

1           (3.5) "Base year" means (i) tax year 2002 in Cook  
2 County or (ii) tax year 2005 or 2006 in all other counties  
3 in accordance with the designation made by the county as  
4 provided in subsection (k).

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

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

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

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

26           (B) A homestead includes the dwelling place,

1 appurtenant structures, and so much of the surrounding  
2 land constituting the parcel on which the dwelling  
3 place is situated as is used for residential purposes.  
4 If the assessor has established a specific legal  
5 description for a portion of property constituting the  
6 homestead, then the homestead shall be limited to the  
7 property within that description.

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

10 (c) If the property did not have a residential equalized  
11 assessed value for the base year as provided in subdivision  
12 (b) (3) (A) of this Section, then the assessor shall first  
13 determine an initial value for the property by comparison with  
14 assessed values for the base year of other properties having  
15 physical and economic characteristics similar to those of the  
16 subject property, so that the initial value is uniform in  
17 relation to assessed values of those other properties for the  
18 base year. The product of the initial value multiplied by the  
19 equalized factor for the base year for homestead properties in  
20 that county, less: (i) \$4,500 in Cook County or \$3,500 in all  
21 other counties in tax years 2003; (ii) \$5,000 in all counties  
22 in tax year 2004 and 2005; and (iii) the lesser of the amount  
23 of the general homestead exemption under Section 15-175 or an  
24 amount equal to the increase in the equalized assessed value  
25 for the current tax year above the equalized assessed value for  
26 1977 in tax year 2006 and thereafter, is the base homestead

1 value.

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

7 (d) The base homestead value shall remain constant, except  
8 that the assessor may revise it under the following  
9 circumstances:

10 (1) If the equalized assessed value of a homestead  
11 property for the current tax year is less than the previous  
12 base homestead value for that property, then the current  
13 equalized assessed value (provided it is not based on a  
14 reduced assessed value resulting from a temporary  
15 irregularity in the property) shall become the base  
16 homestead value in subsequent tax years.

17 (2) For any year in which new buildings, structures, or  
18 other improvements are constructed on the homestead  
19 property that would increase its assessed value, the  
20 assessor shall adjust the base homestead value as provided  
21 in subsection (c) of this Section with due regard to the  
22 value added by the new improvements.

23 (3) If the property is sold or ownership is otherwise  
24 transferred, the base homestead value of the property shall  
25 be adjusted as provided in subdivision (b) (3) (B). This item  
26 (3) does not apply to sales or transfers between spouses or



1 between a parent and a child.

2 (4) the recalculation required in Cook County under  
3 subdivision (b) (3) (A-5).

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

8 (1) In Cook County, the exemption under this Section  
9 shall not exceed \$20,000 for any taxable year through tax  
10 year:

11 (i) 2005, if the general assessment year for the  
12 property is 2003;

13 (ii) 2006, if the general assessment year for the  
14 property is 2004; or

15 (iii) 2007, if the general assessment year for the  
16 property is 2005.

17 (1.1) Thereafter, in Cook County, and in all other  
18 counties, the exemption is as follows:

19 (i) if the general assessment year for the property  
20 is 2006, then the exemption may not exceed ~~+~~ \$33,000 for  
21 taxable year 2006 and \$40,000 for taxable years 2007  
22 and 2008; ~~\$26,000 for taxable year 2007; and \$20,000~~  
23 ~~for taxable year 2008;~~

24 (ii) if the general assessment year for the  
25 property is 2007, then the exemption may not exceed  
26 \$40,000 for taxable years 2007, 2008, and 2009; ~~\$33,000~~

1 ~~for taxable year 2007; \$26,000 for taxable year 2008;~~  
2 ~~and \$20,000 for taxable year 2009; and~~

3 (iii) if the general assessment year for the  
4 property is 2008, then the exemption may not exceed  
5 \$40,000 for taxable years 2008, 2009, and 2010.†  
6 ~~\$33,000 for taxable year 2008; \$26,000 for taxable year~~  
7 ~~2009; and \$20,000 for taxable year 2010.~~

8 (1.5) In Cook County, for the 2006 taxable year only, the  
9 maximum amount of the exemption set forth under subsection  
10 (e)(1.1)(i) of this Section may be increased: (i) by \$7,000 if  
11 the equalized assessed value of the property in that taxable  
12 year exceeds the equalized assessed value of that property in  
13 2002 by 100% or more; or (ii) by \$2,000 if the equalized  
14 assessed value of the property in that taxable year exceeds the  
15 equalized assessed value of that property in 2002 by more than  
16 80% but less than 100%.

17 (2) In the case of homestead property that also  
18 qualifies for the exemption under Section 15-172, the  
19 property is entitled to the exemption under this Section,  
20 limited to the amount of (i) \$4,500 in Cook County or  
21 \$3,500 in all other counties in tax year 2003, (ii) \$5,000  
22 in all counties in tax years 2004 and 2005, or (iii) the  
23 lesser of the amount of the general homestead exemption  
24 under Section 15-175 or an amount equal to the increase in  
25 the equalized assessed value for the current tax year above  
26 the equalized assessed value for 1977 in tax year 2006 and

1           thereafter.

2           (f) In the case of an apartment building owned and operated  
3 as a cooperative, or as a life care facility, that contains  
4 residential units that qualify as homestead property under this  
5 Section, the maximum cumulative exemption amount attributed to  
6 the entire building or facility shall not exceed the sum of the  
7 exemptions calculated for each qualified residential unit. The  
8 cooperative association, management firm, or other person or  
9 entity that manages or controls the cooperative apartment  
10 building or life care facility shall credit the exemption  
11 attributable to each residential unit only to the apportioned  
12 tax liability of the owner or other person responsible for  
13 payment of taxes as to that unit. Any person who willfully  
14 refuses to so credit the exemption is guilty of a Class B  
15 misdemeanor.

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

19           (h) In the event of a sale or other transfer in ownership  
20 of the homestead property, the exemption under this Section  
21 shall remain in effect for the remainder of the tax year and be  
22 calculated using the same base homestead value in which the  
23 sale or transfer occurs, but (other than for sales or transfers  
24 between spouses or between a parent and a child) shall be  
25 calculated for any subsequent tax year using the new base  
26 homestead value as provided in subdivision (b)(3)(B). The

1 assessor may require the new owner of the property to apply for  
2 the exemption in the 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) In counties with 3,000,000 or more inhabitants, the  
13 provisions of this Section apply as follows:

14 (1) If the general assessment year for the property is  
15 2003, this Section applies for assessment years 2003, 2004,  
16 2005, 2006, 2007, and 2008. Thereafter, the provisions of  
17 Section 15-175 apply.

18 (2) If the general assessment year for the property is  
19 2004, this Section applies for assessment years 2004, 2005,  
20 2006, 2007, 2008, and 2009. Thereafter, the provisions of  
21 Section 15-175 apply.

22 (3) If the general assessment year for the property is  
23 2005, this Section applies for assessment years 2005, 2006,  
24 2007, 2008, 2009, and 2010. Thereafter, the provisions of  
25 Section 15-175 apply.

26 In counties with less than 3,000,000 inhabitants, this

1 Section applies for assessment years (i) 2006, 2007, and 2008,  
2 and 2009 if tax year 2005 is the designated base year or (ii)  
3 2007, 2008, 2009, and 2010 if tax year 2006 is the designated  
4 base year. Thereafter, the provisions of Section 15-175 apply.

5 (k) To be subject to the provisions of this Section in lieu  
6 of Section 15-175, a county must adopt an ordinance to subject  
7 itself to the provisions of this Section within 6 months after  
8 the effective date of this amendatory Act of the 95th General  
9 Assembly. In a county other than Cook County, the ordinance  
10 must designate either tax year 2005 or tax year 2006 as the  
11 base year.

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

15 (Source: P.A. 95-644, eff. 10-12-07.)

16 (35 ILCS 200/15-177)

17 Sec. 15-177. The long-time occupant homestead exemption.

18 (a) If the county has elected, under Section 15-176, to be  
19 subject to the provisions of the alternative general homestead  
20 exemption, then, for taxable years 2007 and thereafter,  
21 regardless of whether the exemption under Section 15-176  
22 applies, qualified homestead property is entitled to an annual  
23 homestead exemption equal to a reduction in the property's  
24 equalized assessed value calculated as provided in this  
25 Section.

1 (b) As used in this Section:

2 "Adjusted homestead value" means the lesser of the  
3 following values:

4 (1) The property's base homestead value increased by:  
5 ~~(i) 10% for each taxable year after the base year through~~  
6 ~~and including the current tax year for qualified taxpayers~~  
7 ~~with a household income of more than \$75,000 but not~~  
8 ~~exceeding \$100,000; or (ii) 7% for each taxable year after~~  
9 the base year through and including the current tax year  
10 for qualified taxpayers with a household income of \$100,000  
11 ~~\$75,000~~ or less. The increase each year is an increase over  
12 the prior year; or

13 (2) The property's equalized assessed value for the  
14 current tax year minus the general homestead deduction.

15 "Base homestead value" means:

16 (1) if the property did not have an adjusted homestead  
17 value under Section 15-176 for the base year, then an  
18 amount equal to the equalized assessed value of the  
19 property for the base year prior to exemptions, minus the  
20 general homestead deduction, provided that the property's  
21 assessment was not based on a reduced assessed value  
22 resulting from a temporary irregularity in the property for  
23 that year; or

24 (2) if the property had an adjusted homestead value  
25 under Section 15-176 for the base year, then an amount  
26 equal to the adjusted homestead value of the property under

1 Section 15-176 for the base year.

2 "Base year" means the taxable year prior to the taxable  
3 year in which the taxpayer first qualifies for the exemption  
4 under this Section.

5 "Current taxable year" means the taxable year for which the  
6 exemption under this Section is being applied.

7 "Equalized assessed value" means the property's assessed  
8 value as equalized by the Department.

9 "Homestead" or "homestead property" means residential  
10 property that as of January 1 of the tax year is occupied by a  
11 qualified taxpayer as his or her principal dwelling place, or  
12 that is a leasehold interest on which a single family residence  
13 is situated, that is occupied as a residence by a qualified  
14 taxpayer who has a legal or equitable interest therein  
15 evidenced by a written instrument, as an owner or as a lessee,  
16 and on which the person is liable for the payment of property  
17 taxes. Residential units in an apartment building owned and  
18 operated as a cooperative, or as a life care facility, which  
19 are occupied by persons who hold a legal or equitable interest  
20 in the cooperative apartment building or life care facility as  
21 owners or lessees, and who are liable by contract for the  
22 payment of property taxes, are included within this definition  
23 of homestead property. A homestead includes the dwelling place,  
24 appurtenant structures, and so much of the surrounding land  
25 constituting the parcel on which the dwelling place is situated  
26 as is used for residential purposes. If the assessor has

1 established a specific legal description for a portion of  
2 property constituting the homestead, then the homestead is  
3 limited to the property within that description.

4 "Household income" has the meaning set forth under Section  
5 15-172 of this Code.

6 "General homestead deduction" means the amount of the  
7 general homestead exemption under Section 15-175.

8 "Life care facility" means a facility defined in Section 2  
9 of the Life Care Facilities Act.

10 "Qualified homestead property" means homestead property  
11 owned by a qualified taxpayer.

12 "Qualified taxpayer" means any individual:

13 (1) who, for at least 10 continuous years as of January  
14 1 of the taxable year, has occupied the same homestead  
15 property as a principal residence and domicile or who, for  
16 at least 5 continuous years as of January 1 of the taxable  
17 year, has occupied the same homestead property as a  
18 principal residence and domicile if that person received  
19 assistance in the acquisition of the property as part of a  
20 government or nonprofit housing program; and

21 (2) who has a household income of \$100,000 or less.

22 (c) The base homestead value must remain constant, except  
23 that the assessor may revise it under any of the following  
24 circumstances:

25 (1) If the equalized assessed value of a homestead  
26 property for the current tax year is less than the previous



1 base homestead value for that property, then the current  
2 equalized assessed value (provided it is not based on a  
3 reduced assessed value resulting from a temporary  
4 irregularity in the property) becomes the base homestead  
5 value in subsequent tax years.

6 (2) For any year in which new buildings, structures, or  
7 other improvements are constructed on the homestead  
8 property that would increase its assessed value, the  
9 assessor shall adjust the base homestead value with due  
10 regard to the value added by the new improvements.

11 (d) The amount of the exemption under this Section is the  
12 greater of: (i) the equalized assessed value of the homestead  
13 property for the current tax year minus the adjusted homestead  
14 value; or (ii) the general homestead deduction.

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

1 refuses to so credit the exemption is guilty of a Class B  
2 misdemeanor.

3 (f) When married persons maintain separate residences, the  
4 exemption provided under this Section may be claimed by only  
5 one such person and for only one residence. No person who  
6 receives an exemption under Section 15-172 of this Code may  
7 receive an exemption under this Section. No person who receives  
8 an exemption under this Section may receive an exemption under  
9 Section 15-175 or 15-176 of this Code.

10 (g) In the event of a sale or other transfer in ownership  
11 of the homestead property between spouses or between a parent  
12 and a child, the exemption under this Section remains in effect  
13 if the new owner has a household income of \$100,000 or less.

14 (h) In the event of a sale or other transfer in ownership  
15 of the homestead property other than subsection (g) of this  
16 Section, the exemption under this Section shall remain in  
17 effect for the remainder of the tax year and be calculated  
18 using the same base homestead value in which the sale or  
19 transfer occurs.

20 (i) To receive the exemption, a person must submit an  
21 application to the county assessor during the period specified  
22 by the county assessor.

23 The county assessor shall annually give notice of the  
24 application period by mail or by publication.

25 The taxpayer must submit, with the application, an  
26 affidavit of the taxpayer's total household income, marital

1 status (and if married the name and address of the applicant's  
2 spouse, if known), and principal dwelling place of members of  
3 the household on January 1 of the taxable year. The Department  
4 shall establish, by rule, a method for verifying the accuracy  
5 of affidavits filed by applicants under this Section, and the  
6 Chief County Assessment Officer may conduct audits of any  
7 taxpayer claiming an exemption under this Section to verify  
8 that the taxpayer is eligible to receive the exemption. Each  
9 application shall contain or be verified by a written  
10 declaration that it is made under the penalties of perjury. A  
11 taxpayer's signing a fraudulent application under this Act is  
12 perjury, as defined in Section 32-2 of the Criminal Code of  
13 1961. The applications shall be clearly marked as applications  
14 for the Long-time Occupant Homestead Exemption and must contain  
15 a notice that any taxpayer who receives the exemption is  
16 subject to an audit by the Chief County Assessment Officer.

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

20 (Source: P.A. 95-644, eff. 10-12-07.)

21 Section 99. Effective date. This Act takes effect upon  
22 becoming law.