



97TH GENERAL ASSEMBLY

State of Illinois

2011 and 2012

HB5439

Introduced 2/15/2012, by Rep. Michael J. Zalewski

SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-175
35 ILCS 200/15-177

Amends the Property Tax Code. Removes language providing that the definition of "homestead property" includes leasehold interests on which a single family residence is situated.

LRB097 17973 HLH 63196 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 15-175 and 15-177 as follows:

6 (35 ILCS 200/15-175)

7 Sec. 15-175. General homestead exemption. Except as
8 provided in Sections 15-176 and 15-177, homestead property is
9 entitled to an annual homestead exemption limited, except as
10 described here with relation to cooperatives, to a reduction in
11 the equalized assessed value of homestead property equal to the
12 increase in equalized assessed value for the current assessment
13 year above the equalized assessed value of the property for
14 1977, up to the maximum reduction set forth below. If however,
15 the 1977 equalized assessed value upon which taxes were paid is
16 subsequently determined by local assessing officials, the
17 Property Tax Appeal Board, or a court to have been excessive,
18 the equalized assessed value which should have been placed on
19 the property for 1977 shall be used to determine the amount of
20 the exemption.

21 Except as provided in Section 15-176, the maximum reduction
22 before taxable year 2004 shall be \$4,500 in counties with
23 3,000,000 or more inhabitants and \$3,500 in all other counties.

1 Except as provided in Sections 15-176 and 15-177, for taxable
2 years 2004 through 2007, the maximum reduction shall be \$5,000,
3 for taxable year 2008, the maximum reduction is \$5,500, and,
4 for taxable years 2009 and thereafter, the maximum reduction is
5 \$6,000 in all counties. If a county has elected to subject
6 itself to the provisions of Section 15-176 as provided in
7 subsection (k) of that Section, then, for the first taxable
8 year only after the provisions of Section 15-176 no longer
9 apply, for owners who, for the taxable year, have not been
10 granted a senior citizens assessment freeze homestead
11 exemption under Section 15-172 or a long-time occupant
12 homestead exemption under Section 15-177, there shall be an
13 additional exemption of \$5,000 for owners with a household
14 income of \$30,000 or less.

15 In counties with fewer than 3,000,000 inhabitants, if,
16 based on the most recent assessment, the equalized assessed
17 value of the homestead property for the current assessment year
18 is greater than the equalized assessed value of the property
19 for 1977, the owner of the property shall automatically receive
20 the exemption granted under this Section in an amount equal to
21 the increase over the 1977 assessment up to the maximum
22 reduction set forth in this Section.

23 If in any assessment year beginning with the 2000
24 assessment year, homestead property has a pro-rata valuation
25 under Section 9-180 resulting in an increase in the assessed
26 valuation, a reduction in equalized assessed valuation equal to

1 the increase in equalized assessed value of the property for
2 the year of the pro-rata valuation above the equalized assessed
3 value of the property for 1977 shall be applied to the property
4 on a proportionate basis for the period the property qualified
5 as homestead property during the assessment year. The maximum
6 proportionate homestead exemption shall not exceed the maximum
7 homestead exemption allowed in the county under this Section
8 divided by 365 and multiplied by the number of days the
9 property qualified as homestead property.

10 "Homestead property" under this Section includes
11 residential property that is occupied by its owner or owners as
12 his or their principal dwelling place, ~~or that is a leasehold~~
13 ~~interest on which a single family residence is situated,~~ which
14 is occupied as a residence by a person who has an ownership
15 interest therein, legal or equitable or as a lessee, and on
16 which the person is liable for the payment of property taxes.
17 For land improved with an apartment building owned and operated
18 as a cooperative or a building which is a life care facility as
19 defined in Section 15-170 and considered to be a cooperative
20 under Section 15-170, the maximum reduction from the equalized
21 assessed value shall be limited to the increase in the value
22 above the equalized assessed value of the property for 1977, up
23 to the maximum reduction set forth above, multiplied by the
24 number of apartments or units occupied by a person or persons
25 who is liable, by contract with the owner or owners of record,
26 for paying property taxes on the property and is an owner of

1 record of a legal or equitable interest in the cooperative
2 apartment building, other than a leasehold interest. For
3 purposes of this Section, the term "life care facility" has the
4 meaning stated in Section 15-170.

5 "Household", as used in this Section, means the owner, the
6 spouse of the owner, and all persons using the residence of the
7 owner as their principal place of residence.

8 "Household income", as used in this Section, means the
9 combined income of the members of a household for the calendar
10 year preceding the taxable year.

11 "Income", as used in this Section, has the same meaning as
12 provided in Section 3.07 of the Senior Citizens and Disabled
13 Persons Property Tax Relief and Pharmaceutical Assistance Act,
14 except that "income" does not include veteran's benefits.

15 In a cooperative where a homestead exemption has been
16 granted, the cooperative association or its management firm
17 shall credit the savings resulting from that exemption only to
18 the apportioned tax liability of the owner who qualified for
19 the exemption. Any person who willfully refuses to so credit
20 the savings shall be guilty of a Class B misdemeanor.

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

25 In all counties, the assessor or chief county assessment
26 officer may determine the eligibility of residential property

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

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

22 Notwithstanding Sections 6 and 8 of the State Mandates Act,
23 no reimbursement by the State is required for the
24 implementation of any mandate created by this Section.

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

1 (35 ILCS 200/15-177)

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

3 (a) If the county has elected, under Section 15-176, to be
4 subject to the provisions of the alternative general homestead
5 exemption, then, for taxable years 2007 and thereafter,
6 regardless of whether the exemption under Section 15-176
7 applies, qualified homestead property is entitled to an annual
8 homestead exemption equal to a reduction in the property's
9 equalized assessed value calculated as provided in this
10 Section.

11 (b) As used in this Section:

12 "Adjusted homestead value" means the lesser of the
13 following values:

14 (1) The property's base homestead value increased by:

15 (i) 10% for each taxable year after the base year through
16 and including the current tax year for qualified taxpayers
17 with a household income of more than \$75,000 but not
18 exceeding \$100,000; or (ii) 7% for each taxable year after
19 the base year through and including the current tax year
20 for qualified taxpayers with a household income of \$75,000
21 or less. The increase each year is an increase over the
22 prior year; or

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

25 "Base homestead value" means:

26 (1) if the property did not have an adjusted homestead

1 value under Section 15-176 for the base year, then an
2 amount equal to the equalized assessed value of the
3 property for the base year prior to exemptions, minus the
4 general homestead deduction, provided that the property's
5 assessment was not based on a reduced assessed value
6 resulting from a temporary irregularity in the property for
7 that year; or

8 (2) if the property had an adjusted homestead value
9 under Section 15-176 for the base year, then an amount
10 equal to the adjusted homestead value of the property under
11 Section 15-176 for the base year.

12 "Base year" means the taxable year prior to the taxable
13 year in which the taxpayer first qualifies for the exemption
14 under this Section.

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

17 "Equalized assessed value" means the property's assessed
18 value as equalized by the Department.

19 "Homestead" or "homestead property" means residential
20 property that as of January 1 of the tax year is occupied by a
21 qualified taxpayer as his or her principal dwelling place, ~~or~~
22 ~~that is a leasehold interest on which a single family residence~~
23 ~~is situated,~~ that is occupied as a residence by a qualified
24 taxpayer who has a legal or equitable interest therein
25 evidenced by a written instrument, as an owner or as a lessee,
26 and on which the person is liable for the payment of property

1 taxes. Residential units in an apartment building owned and
2 operated as a cooperative, or as a life care facility, which
3 are occupied by persons who hold a legal or equitable interest
4 in the cooperative apartment building or life care facility as
5 owners or lessees, and who are liable by contract for the
6 payment of property taxes, are included within this definition
7 of homestead property. A homestead includes the dwelling place,
8 appurtenant structures, and so much of the surrounding land
9 constituting the parcel on which the dwelling place is situated
10 as is used for residential purposes. If the assessor has
11 established a specific legal description for a portion of
12 property constituting the homestead, then the homestead is
13 limited to the property within that description.

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

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

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

20 "Qualified homestead property" means homestead property
21 owned by a qualified taxpayer.

22 "Qualified taxpayer" means any individual:

23 (1) who, for at least 10 continuous years as of January
24 1 of the taxable year, has occupied the same homestead
25 property as a principal residence and domicile or who, for
26 at least 5 continuous years as of January 1 of the taxable

1 year, has occupied the same homestead property as a
2 principal residence and domicile if that person received
3 assistance in the acquisition of the property as part of a
4 government or nonprofit housing program; and

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

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

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

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

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

25 (e) In the case of an apartment building owned and operated
26 as a cooperative, or as a life care facility, that contains

1 residential units that qualify as homestead property of a
2 qualified taxpayer under this Section, the maximum cumulative
3 exemption amount attributed to the entire building or facility
4 shall not exceed the sum of the exemptions calculated for each
5 unit that is a qualified homestead property. The cooperative
6 association, management firm, or other person or entity that
7 manages or controls the cooperative apartment building or life
8 care facility shall credit the exemption attributable to each
9 residential unit only to the apportioned tax liability of the
10 qualified taxpayer as to that unit. Any person who willfully
11 refuses to so credit the exemption is guilty of a Class B
12 misdemeanor.

13 (f) When married persons maintain separate residences, the
14 exemption provided under this Section may be claimed by only
15 one such person and for only one residence. No person who
16 receives an exemption under Section 15-172 of this Code may
17 receive an exemption under this Section. No person who receives
18 an exemption under this Section may receive an exemption under
19 Section 15-175 or 15-176 of this Code.

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

24 (h) In the event of a sale or other transfer in ownership
25 of the homestead property other than subsection (g) of this
26 Section, the exemption under this Section shall remain in

1 effect for the remainder of the tax year and be calculated
2 using the same base homestead value in which the sale or
3 transfer occurs.

4 (i) To receive the exemption, a person must submit an
5 application to the county assessor during the period specified
6 by the county assessor.

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

9 The taxpayer must submit, with the application, an
10 affidavit of the taxpayer's total household income, marital
11 status (and if married the name and address of the applicant's
12 spouse, if known), and principal dwelling place of members of
13 the household on January 1 of the taxable year. The Department
14 shall establish, by rule, a method for verifying the accuracy
15 of affidavits filed by applicants under this Section, and the
16 Chief County Assessment Officer may conduct audits of any
17 taxpayer claiming an exemption under this Section to verify
18 that the taxpayer is eligible to receive the exemption. Each
19 application shall contain or be verified by a written
20 declaration that it is made under the penalties of perjury. A
21 taxpayer's signing a fraudulent application under this Act is
22 perjury, as defined in Section 32-2 of the Criminal Code of
23 1961. The applications shall be clearly marked as applications
24 for the Long-time Occupant Homestead Exemption and must contain
25 a notice that any taxpayer who receives the exemption is
26 subject to an audit by the Chief County Assessment Officer.

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

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