



Illinois State Association of Counties

POSITION STATEMENT

January 6, 2022

REDUCE ERRONEOUS HOMESTEAD EXEMPTIONS

SUPPORT

Various homestead exemptions are available to qualified Illinois taxpayers to reduce the amount of property taxes owed on a property. Exemptions under Article 15 of the Illinois Revenue Code include the following: General Homestead Exemption; Long-time Occupant Homestead Exemption (Cook County); Homestead Exemption for Persons with Disabilities; Veterans with Disabilities Exemption for Specially-Adapted Housing; Standard Homestead Exemption for Veterans with Disabilities; Homestead Improvement Exemption; Natural Disaster Homestead Exemption; Returning Veterans' Homestead Exemption; Senior Citizens Assessment Freeze Homestead Exemption; and the Senior Citizens Homestead Exemption.

Current Law:

The Illinois Revenue Code creates homestead exemptions and establishes a mechanism for erroneously granted homestead exemptions to be recouped by counties for distribution to various taxing bodies within the counties.

Cook County is authorized to look back over three prior assessment years to determine if a homestead exemption was falsely claimed during those years. Cook County can then collect any unpaid property taxes and assess a 10% interest charge on the amount of unpaid taxes.

Other taxing districts in Cook County benefit from ensuring that all property taxes owed are collected. Taxpayers who pay their required tax share are less likely to have additional property tax obligations shifted to them if other taxpayers pay their property taxes in full.

Counties outside of Cook are not permitted by statute to look back three assessment years or assess a penalty for an improperly taken homestead exemption during those years. These counties can only look back one year. This limitation harms taxing districts and increases the property tax burden on other property taxpayers in these counties.

Proposed Change:

The General Assembly and Governor should apply the Cook County statutory "look back" provision to all counties to identify instances where a homestead exemption was erroneously taken. This will create a disincentive for taxpayers to improperly claim a homestead exemption by obligating the payment of up to three years of improperly claimed tax exemptions with interest. All local governments that receive property taxes will benefit.

CREATE DISINCENTIVES TO IMPROPERLY CLAIMED HOMESTEAD EXEMPTIONS.