

Homestead Exemptions

	<u>Property Tax Code</u>
• General Homestead Exemption (Owner-occupied) (In all counties except Cook County)	Sec. 15-175
• Alternative General Homestead Exemption (Cook County only)	Sec. 15-176
• Long-time Occupant Homestead Exemption (Cook County only)	Sec. 15-177
• Senior Citizens Homestead Exemption	Sec. 15-170
• Senior Citizens Assessment Freeze Homestead Exemption	Sec. 15-172
• Disabled Persons Homestead Exemption (New 2007)	Sec. 15-167
• Disabled Veterans Homestead Exemption	Sec. 15-165
• Disabled Veterans Standard Homestead Exemption (New 2007)	Sec. 15-169
• Returning Veterans Homestead Exemption (New 2007)	Sec. 15-168
• Homestead Improvement Exemption	Sec. 15-180

Homestead Exemptions

- **Illinois Constitution – Article IX – Section 6:**
“The General Assembly by law may exempt from taxation only the property of the State, units of local government and school districts and property used exclusively for agricultural and horticultural societies, and for school, religious, cemetery and charitable purposes. The General Assembly by law may grant homestead exemptions or rent credits. “
- **Property Tax Code – Article 15 .**
- Homestead exemptions are reduction in assessed value or equalized assessed value (EAV); not a reduction in the amount of taxes paid.

General Homestead Exemption (Owner-occupied)

- Difference between property's 1977 EAV and current EAV up to a maximum amount of:
 - \$5,500 for tax year 2008 payable 2009
 - \$6,000 for tax year 2009 payable 2010
- Qualifications:
 - Homestead property owned and occupied as principal dwelling place, and
 - liable for payment of the property taxes.
- Pro-rate exemption for new construction assessed under Sec. 9-180 of the Property Tax Code.
- Exemption is available to residents of a cooperative apartment building or life care facility.

Senior Citizens Homestead Exemption (SCHE)

- \$4,000 reduction in EAV
- Pro-rate exemption as of the date of occupancy.
- Qualifications:
 - 65 years of age or older during the assessment year
 - own and occupy property as principal residence, and
 - liable for payment of the property taxes.
- Exemption continues if senior citizen becomes a resident of a licensed nursing home facility.
- Exemption is available to a senior citizen that is a resident of a cooperative apartment building or life care facility.

Filing for the SCHE

- Form PTAX-324 Initial application with CCAO by the county's due date or before Board of Review adjourns.
- Form PTAX-329 Certificate of Status—file by May 31 if annual application is required.
- Form PTAX-329 mailed to the taxpayer each year by CCAO (counties < 3 million population.)
- Form PTAX-325 Duplicate Delinquent Property Tax Notice. CCAO provides to SCHE recipients. (counties < 3 million population)

Senior Citizens Assessment Freeze Homestead Exemption (SCAFHE)

- Exemption on owner-occupied residence that freezes the property's EAV (frozen base amount) to prevent or limit any increases due to inflation.
- Qualifications
 - 65 years of age or older during the assessment year
 - Total household income of \$55,000 per household, and
 - For two January 1's (Application year and prior year):
 - own and occupy the residence as principal dwelling place, and
 - liable for the payment of the property taxes.

SCAFHE – Household Income

- \$55,000 Total Household Income Limit – A household includes the applicant, spouse of the applicant, and all other persons who occupy the residence on January 1.
- Income is the federal adjusted gross income (AGI) plus certain add backs not including: tax-exempt interest, annuities, dividends, net operating loss and capital loss carryovers, and Social Security benefits.
(320 ILCS 25/3.07 - Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act).

SCAFHE Amount

- Exemption amount each year is difference between the property's current year's EAV and frozen base amount. Amount of the exemption changes each year as the EAV of the property increases/decreases.
(Frozen base amount=prior year applicant 1st qualifies)
- Adjust the frozen base amount if:
 - improvements are added to the property, or
 - EAV falls below the frozen base amount which is not a temporary irregularity in the property.
- Property taxes may still increase if tax rates increase or add improvement to property.
- Surviving spouse will receive the established frozen base amount, but must qualify for the exemption.

SCAFHE

- Exemption is available to a senior citizen that is a resident of a cooperative apartment building or life care facility.
- Exemption continues if the senior citizen becomes a resident of a licensed nursing home facility.
- Property assessed under the Mobile Home Local Services Tax Act does not qualify for SCAFHE.

Filing for the SCAFHE

- The SCAFHE application is an affidavit with a perjury statement signed by the applicant and is required to be notarized.
- All information received from the application is confidential except for official purposes. Class A misdemeanor if found guilty.
- Form PTAX-340 SCAFHE Application and Affidavit filed each year with CCAO by July 1 or date set by the county.
- CCAO may extend filing deadline by 3 months for an applicant with a severe mental or physical condition with a signed statement from their physician.
- CCAO and Board of Review issue a certificate of error at any time before judgment for tax sale if failed to file an application.

Disabled Persons' Homestead Exemption (DPHE)

- \$2,000 reduction in EAV to a qualifying property owned by a disabled person.
- "Disabled person" means a person unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months.
- Qualifications:
 - Be or become disabled during the assessment year,
 - Own and occupy the property as primary residence
 - Liable for payment of the property taxes.
- Exemption is available to a disabled person that is a resident of a cooperative apartment building or life care facility.
- Exemption continues if a disabled person becomes a resident of a licensed nursing home.

Filing for the DPHE

- A disabled person must file an annual application by the county's due date
- Form PTAX 343 Initial Application for Disabled Persons' Homestead Exemption
- Form PTAX 343-R Annual Verification of Eligibility
- Form PTAX-325 Duplicate Delinquent Property Tax Notice. CCAO provides to SCHE recipients.
(counties < 3 million population)

DPHE - Proof of Disability

Must file with application one of the following proof of disability.

1. Class 2 Illinois Disabled Person Identification Card from the Illinois Secretary of State's Office.

(Class 2 or Class 2 A qualifies; Class 1 or 1A does not qualify.)

2. Social Security Administration disability benefits:

- Award or verification letter, cost of living adjustment letter

(COLA Form SSA-49-26-SM-DI)

- Supplemental Security Income (SSI) disability letter

(COLA Forms SSA-L8151, SSA-L8155, or SSA-l8156)

3. Veterans Administration Disability Benefits:

-Award or verification pension letter a non-service connected disability.

4. Railroad or Civil Service Disability Benefits: |

-Award or verification letter of total (100%) disability.

5. If unable to proof listed above, file Form PTAX-343-A

Physician's Statement for DPHE. Form PTAX-343-A must be filed each year with the renewal application, Form PTAX-343-R.

Disabled Veterans Homestead Exemption

- \$70,000 reduction in assessed value for federally-approved specially adapted housing of a qualified disabled veteran's residence (includes mobile home)
- Property owned and exclusively used as a home by disabled veteran, their spouse, or unmarried surviving spouse.
- Disabled veteran means a person who has served in the Armed Forces of the United States and whose disability is rated as 100% service connected by the Veterans Administration.
- Veterans contact local Veteran's Office for information.
- File form RLG-52A each year by Sept. 15 prior to the tax year.
- Each year the Illinois Dept of Veterans' Affairs certifies a list of qualified properties to the Illinois Dept. of Revenue. Dept. of Revenue forwards the certification to local assessing officials.

Disabled Veterans' Standard Homestead Exemption (DVSHE)

- Exemption Amount:
 - \$2,500 reduction in EAV for service-connected disability $> 50\%$ but $< 75\%$
 - \$5,000 reduction in EAV for service-connected disability $> 75\%$
- Qualifications of disabled veteran:
 - An Illinois resident who served as a member of the U.S. Armed Forces on active duty or state active duty, Illinois National Guard or U. S. Reserve Forces, and not dishonorably discharged,
 - 50% or $>$ service-connected disability certified by the U. S. Dept. of Veterans Affairs, and
 - own or lease the property occupied as primary residence on January 1, and
 - liable for payment of property taxes.
- The total EAV of the residence must be less than \$250,000 after subtracting any portion used for commercial purposes. Commercial purposes includes any portion of the property rented for six months or more.

Filing for DVSHHE

- Must file an annual application by the county's due date.
- Form PTAX 342 Application for Disabled Veterans' Standard Homestead Exemption
 - Disability award or verification letter from U. S. Dept. of Veterans' Affairs
 - Proof military service (original or certified copy from county recorder, recorder of deeds, Ill. Dept. of Veterans Affairs, or National Archives Record Center):
Form DD214 or separation from the War Department military service prior to 1950, or certification of Military Service Form.
- Form PTAX 342-R Annual Verification of Eligibility

Surviving Spouse for DVSHE

- Exemption carry over to the veteran's surviving spouse.
Note: The DVSHE effective for 2007 tax year. A surviving spouse of a disabled veteran that passed away prior to 2007 does not qualify.
- Surviving spouse must hold legal or beneficial title to the homestead
- Surviving spouse must permanently reside in the homestead
- Surviving spouse must not be married
- A surviving spouse that sells the property can transfer the DVSHE to their new primary residence.

Returning Veterans' Homestead Exemptions

- One-time \$5,000 reduction in EAV to qualifying veterans who returns from active duty in and armed conflict involving the armed forces of the United States.
- Veteran may receive this exemption in subsequent tax years that return home from active duty again.
- Qualifications:
 - Veteran is an Illinois resident who has served as a member of the U. S. Armed Forces, Illinois National Guard, or U. S. Reserve Forces.
 - Veteran returned from active duty in an armed conflict involving the armed forces of the U. S.
 - Own and use property as principal place of residence on January 1 of the assessment year, and
 - Liable for the payment of the property taxes.
- For this exemption, the principal dwelling place, is the place where the veteran has the intention of returning.
- Exemption is available to a disabled person that is a resident of a cooperative apartment building.

Filing for Returning Veterans Homestead Exemption

- The veteran must file an application with CCAO upon their return home.
- Form PTAX 341 Application for Returning Veterans' Homestead Exemption
 - Discharge papers: original Form DD 214 or certified copy from county recorder, recorder of deeds, Ill. Dept. of Veterans' Affairs or the National Archives Record Center, or
 - Active duty papers: Form DD 220, or military orders and travel voucher Return home on remain on active duty.

Homestead Improvement Exemption

- Exemption amount is limited to a maximum of \$75,000 per year in fair cash value (\$25,000 AV).
- Exemption for new improvement to existing structures on homestead property or the rebuilding of residential structures following a catastrophic event.
- Catastrophic Event
 - The residential structure must be rebuilt within 2 years.
 - HIE applies for the difference in AV between the prior and rebuilt structures. n the rebuilt structure and prior structure.
- Exemption continues for 4 years from the date the improvement or rebuilding is completed and occupied.

Mobile Home Property

- All the homestead exemptions, except SCAFHE, apply only against the value of the land and any improvements taxed as real property.
- SCAFHE requires a senior citizen to occupy “permanent structure that is a single family residence”; SCAFHE does not apply to the land or the mobile home.

Leased Property for Homestead Exemptions

- All the homestead exemptions, except DVSHE, have similar statutory provisions for the ownership of property.
- The new Returning Veterans and Disabled Persons Homestead Exemptions effective for the 2007 tax year, counties were to administer the same guidelines established for leased properties under the General and Senior Citizens Homestead Exemptions.
- DVSHE is on property used (owned or leased) as residence by a disabled veteran.
- Three requirements for leased property to qualify
 - Must occupy the property as their primary residence on January 1
 - Must have a lease agreement that is in affect for period of tax liability (January 1 – December 31)
 - Must be liable for the payment of the property taxes.

Prorating of Homestead Exemptions

- General Homestead Exemption is prorated for new property under section 9-180
- Senior Citizens Homestead Exemption is prorated as of the date of occupancy by a senior citizen
- Prorate: $\text{Exemption Amt.} \div 365 \times \# \text{ of days occupied}$
- Once applied all exemptions are effective for the remainder of the tax year.

Exemption Limitations

- Married couples living separately:
 - General Homestead Exemption – Split 50/50
 - SCAFHE – Only one qualifies.
 - Senior Citizens, Disabled Persons, Disabled Veterans Standard and Returning Veterans Homestead Exemptions – both qualify.
- Only one of the following exemptions may be applied per parcel for a single assessment year
 - Disabled Veterans' Homestead Exemption
 - Disabled Persons' Homestead Exemption
 - Disabled Veterans' Standard Homestead Exemption
- Principal dwelling place on January 1 determines eligibility for homestead exemption. Can have only one principal dwelling place. Factors to determine principal dwelling place
 - Where the person actually resides;
 - Where the person obtains a driver's license or other standard identification card;
 - Where the person files his federal or state income tax return;
 - Where the person is registered to vote;
 - Where the person registers automobile, and
 - Where the person maintains affiliations with religious and social organizations.

Other Statutes

- Sec. 9-175 of Property Tax Code. Statutes for all homestead exemptions (except DVHE and DVSHE) requires liability for payment of property taxes which is incurred on January 1 of the assessment year.
- Sec. 16-70 of Property Tax Code. The Board of Review is the final authority on homestead exemptions.
- Sec. 18-178 of Property Tax Code. Tax bill must include information that certain taxpayers may be eligible for tax exemptions, abatements, and other assistance programs and that, for more information, taxpayers should consult with the office of their township or county assessor and with the Illinois Department of Revenue.

Legislative Changes

Effective 2009 tax year (property taxes paid 2010)

- PA 96-254 amends the Mobile Home Local Services Tax Enforcement Act adding a new section (35 ILCS 516/112) that gives the board of review authority, with consent of CCAO, to issue a certificate of error if the tax bill is in error as to the square footage or as to the rate of tax.
- PA 96-522 amends Sec. 14-20 for the CCAO and boards of review to issue a certificate of error for all homestead exemptions under Article 15 if an owner was qualified yet failed to file an application the previous assessment year.
(Counties < 3 million population)

Legislative Changes

Effective 2010 tax year (property taxes paid 2011)

- Senior Citizens, SCAFHE, and Disabled Persons Homestead Exemptions continues if person that qualifies for the exemption becomes a resident of a nursing home facility licensed under the Nursing Home Care Act provided
 - property is occupied by spouse, or
 - property remains unoccupied and retains ownership during the assessment year.
- PA 96-763 transfers the licensing of the developmentally disabled and long-term care for under age 22 facilities from the Nursing Home Care Act to new MR/DD Community Care Act.
- PA 96-339. Amends the Senior Citizens, SCAFHE and Disabled Persons Homestead Exemptions to include licensed facilities under the MR/DD Community Care Act in addition to the Nursing Home Care Act.
- PA 96-355. Amends the Senior Citizens and SCAFHE (NOT the Disabled Persons) Homestead Exemptions to include licensed facilities under the Assisted Living and Shared Housing Act.

Information on homestead exemptions available on the department's web site at www.tax.illinois.gov under the “Property Tax Division.”