Public Act 95-644 (House Bill 664) Nov. 2008
Property Tax Code – Homestead Exemptions for all counties except Cook County

About this publication
The information in this publication is current as of the date of the publication.

The contents of this publication are informational only and do not take the place of statutes, rules, or court decisions. For many topics covered in this publication, we have provided a reference to the Illinois Property Tax Code for further clarification or more detail. All of the sections and parts referenced can be found at 35 ILCS 200/1 et seq.

This publication is issued according to Section 8-5 of the Property Tax Code which states, "The Department shall confer with, advise and assist local assessment officers relative to the performance of their duties."

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This document is distributed for informational purposes only. It has been developed to provide a general overview of the provisions of Public Act 95-644 (House Bill 664) for homestead exemptions that includes the sections of the Property Tax Code shown above.

Homestead exemption application forms are available on our department's web site under the "Local Officials ONLY" section. Other forms related to the property tax system administration will be revised to collect pertinent information related to these changes.

Summary of Existing Homestead Exemptions Changes

Public Act 95-644 made several changes to existing Illinois homestead exemptions. This section highlights those changes.

Section 15-165, Disabled Veterans Homestead Exemption

The disabled veterans homestead exemption is amended to state that, for a single assessment year, a property cannot receive this exemption **and** the homestead exemptions identified below:

- The Disabled Persons' Homestead Exemption (35 ILCS 200/15-168)
- Disabled Veterans' Standard Homestead Exemption (35 ILCS 200/15-169)

Contact for information or to apply:

- Veteran must have been approved by the Federal Dept. of Veterans Affairs to receive a "Specially-Adapted Housing Grant." Application for the Specially Adapted Housing is through the U. S. Dept. of Veterans' Affairs at
  -Northern Region – (312) 980-4219
  -Southern Region (Springfield and South of Springfield) – (314) 552-9864

Section 15-170, Senior Citizens Homestead Exemption

In all counties, exemption is raised to $4,000 beginning tax year 2008 (payable in 2009).

Section 15-172, Senior Citizens Assessment Freeze Homestead Exemption (SCAFHE)

A new definition, "maximum household income limitation" is added and defined as shown below.

- Before tax year 1999 — $35,000
- Tax years 1999 through 2003 — $40,000
- Tax years 2004 through 2005 — $45,000
- Tax years 2006 and 2007 — $50,000
- Tax year 2008 (payable in 2009) and after — $55,000

Note: The declining percentage of exemption based on a total household income between $45,000 and $50,000 is removed beginning with tax year 2007 (payable in 2008). The declining percentage applies to tax year 2006 only and in all counties except Cook County. In Cook County, the maximum amount of this exemption for all tax years is the property's EAV in the year for which the application is filed minus the base amount.

Another change grants the Chief County Assessment Officer (CCAO) the ability to conduct audits to verify the applicant is eligible to receive the exemption. Each application must contain a statement that any taxpayer who receives the exemption may be audited by the CCAO. In addition, the application must contain a statement or be verified by a written declaration that it is filed under penalties of perjury. Any taxpayer who signs a fraudulent application is guilty of perjury, as defined in Section 32-2 of the Criminal Code of 1961.

Note: Perjury is a Class 3 felony under this section.

Section 15-175, General Homestead Exemption

The exemption is increased to $5,500 for tax year 2008 (payable in 2009) and $6,000 for tax year 2009 (payable in 2010) and thereafter.

Overview of New Homestead Exemptions

Section 15-167, Returning Veterans' Homestead Exemption

A new homestead exemption for qualifying veterans is available beginning with tax year 2007 (payable in 2008).

How much is the exemption?

The Returning Veterans' Homestead Exemption is a $5,000 reduction in a property's equalized assessed value (EAV). The reduction is allowed **only** for the year in which the veteran returns from active duty in an armed conflict involving the United States.

Note: A representative can apply on behalf of a deceased veteran.

What qualifications must be met?

All of the following qualifications must be met to receive this exemption:

- Be a veteran (i.e., an Illinois resident who has served as a member of the United States Armed Forces, Illinois National Guard, or United States Reserve Forces) returning from active duty in an armed conflict involving the United States
- Return on or after January 1 of the assessment year
- Own or have a legal or equitable interest in the land with a single-family residence that is residential property
- Occupy and use the property as the principal residence on January 1 of the assessment year
- Be liable for the payment of the property taxes

The qualifications say that the veteran must occupy the residence on January 1. How does a veteran qualify if he or she was on active duty on January 1 but returned home later that same year?

For purposes of this exemption, "occupy" means the veteran's primary residence where he or she has a true, fixed permanent home and to which, whenever he or she is absent, intends to return. The veteran does not have to physically be present and occupying the residence on January 1.

Do residents of cooperative apartment buildings qualify for this exemption?

A resident of a cooperative apartment building **does** qualify for this exemption if he or she

- is the owner of record of a legal or equitable interest in the property; and
- occupies it as a principal residence; and
- is liable by contract with the owner(s) of record to pay the property taxes.

Note: A resident of a cooperative apartment building who has a leasehold interest **does not** qualify for this exemption.

What documentation is required to show a return from active duty in an armed conflict involving the United States?

Generally, a veteran discharged from active duty will need to present the original Department of Defense DD Form 214 or a certified copy by the County Recorder, Recorder of Deeds, Illinois Dept. of Veterans' Affairs, or the National Archives Record Center. If the veteran is still on active duty after returning home, he or she should present Form DD 220 or military orders and travel voucher showing the date of return within the tax year they are requesting the exemption.

If the veteran is recalled to active duty service and returns in a subsequent assessment year, can the exemption be awarded again?

Yes. The law states the exemption is "only for the taxable year in which the veteran returns from active duty in an armed conflict involving the armed forces of the United States." Although the exemption is only for a single year, a qualifying veteran can receive the exemption for another tax year in which he or she returns from active duty.

What are the filing requirements?

File Form PTAX-341, Application for Returning Veterans' Homestead Exemption, with the CCAO by the county's due date.

By law, the veteran that returns from active duty within the assessment year is eligible to apply for the exemption. Each county may establish a deadline by which the application is due. Veterans should contact the CCAO for the county's established due date.

Is there any recourse if an application was not filed by the county's deadline?

Counties may issue a certificate of error to qualified applicants that returned home after the county's filing due date. Veterans should contact the CCAO or county board of review to determine if a "certificate of error" can be issued to allow the exemption.

Section 15-168, Disabled Persons' Homestead Exemption (DPHE) __

A new homestead exemption for qualifying disabled individuals is available beginning with tax year 2007 (taxes payable in 2008).

How much is the exemption?

The Disabled Persons' Homestead Exemption is a $2,000 reduction in a property's equalized assessed value (EAV).

What qualifications must be met?

All of the following qualifications must be met to receive this exemption:

- Be disabled or become disable during the assessment year (*i.e.,* cannot participate in any "substantial gainful activity by reason of a medically determinable physical or mental impairment" which will result in the person's death or that will last for at least 12 continuous months).
- Own or have a legal or equitable interest in the property
- Occupy the property as the principal residence on Jan 1 of the assessment year
- Be liable for the payment of the property taxes
- Submit proof of disability
- A taxpayer cannot receive this exemption **and** the Disabled Veterans' Homestead Exemption under Section 15-165 of the Property Tax Code or Disabled Veterans' Standard Homestead Exemption under Section 15-169 of the Property Tax Code.

What are the filing requirements?

Initially file Form PTAX-343, Application for DPHE with the CCAO by county's due date.

Once granted, the statute requires the CCAO to mail Form PTAX-343-R, Annual Verification of Eligibility for DPHE, to the property owner each year. Proof of disability is not required each year in subsequent years unless the applicant's proof of disability is Form PTAX-343-A Physician's Statement or the disabled persons' proof of disability has expired, terminated or switched to retirement benefits from the previous tax year. However, the CCAO may request annual documentation to verify eligibility for the exemption.

By law, each county may establish a deadline to file the application. Applicants should contact the CCAO for the county's due date.

Does the CCAO need to provide any other information?

Yes. In addition, the CCAO must provide to the person allowed this exemption the Form PTAX-325, Request for Duplicate Delinquency Property Tax Notice, on which to designate a person who would receive a duplicate notice of delinquency if one is issued. An administrative fee of $5 is imposed. The person may rescind the designation at any time.

What types of documents must be provided as proof of disability?

Applicants must provide one of the following documents to qualify for this exemption. The proof of disability must be for the same year as the assessment year.

1. **Class 2 or Class 2A Illinois Disabled Person Identification Card issued by the Office of the Illinois Secretary of State.**
   The card must be a "Class 2 Disability" Card, which defines "disabled" as "any type of disability which renders a person unable to engage in any substantial gainful activity, which substantially impairs his ability to live independently without supervision or in-home support services, or which substantially impairs his ability to perform labor or services for which he is qualified or significantly restricts the labor or services he is able to perform." A Class 1 or Class 1A is not acceptable proof of disability for this exemption; a Class 2 or Class 2A is acceptable proof of disability. CCAO should verify the class and expiration date on the card.

2. **Proof of Social Security Administration (SSA) Disability Benefits** (provide at least one).
   SSA is approved for only 100% disability; not for partial disability.
   - Award letter
   - Annual cost of living adjustment (COLA), usually mailed in December, Form Nos: SSA-4926-SM-DI, SSA-L8151, SSA-L8155, or SSA-I8156.
   - Verification letter

3. **Proof of Veterans' Administration pension disability benefits for total (100%) non-service connected disability** (provide at least one).
   Pension benefits are only for total (100%) disability not for partial disability.
   - Award letter
   - Verification letter

4. **Proof of Railroad Retirement or Civil Service benefits for total (100%) disability** (provide at least one).
Letter must state for totally (100%) disability. A totally disabled person is considered 100% disabled because meet the same standards for disability established by the SSA. An occupational disability is not for 100% disability and does not qualify. The annual COLA letter is not acceptable proof since it does not specify the type of disability.
   - Award letter
   - Verification letter

5. **Form PTAX-343-A Physician's Statement for DPHE.**
Applicants that cannot provide documents 1-4 listed above, can file a Form PTAX-343-A with CCAO each year as proof of disability. The form must be signed by a physician licensed in the State of Illinois. The applicant must pay any costs associated with the examination by a physician. Form PTAX-343-A, Physician Determination for Proof of Disability, must be completed, signed, and submitted along with Form PTAX-343.

   Each year the form must be renewed and filed with the renewal Form PTAX-343-V Annual Verification of Eligibility for DPHE.

Who can the applicant contact for proof of disability information?

- Disabled Person Identification Card application is available through local driver's facility or Secretary of State's web site at www.cyberdriveillinois.com. A physician must first complete the application, prior to driver's facility issuing a card.
- SSA Office within your area or by phone at 1-800-772—1213 or SSA web site at https://secure.ssa.gov/appsbz/BEVE/main.html
- U. S. Dept. of Veterans' Affairs at 1-800-827-1000 (Options 1 and 0). Veteran must state that it is for the Illinois Property Tax Homestead Exemption for veterans
- Railroad Retirement Board at 1-800-808-0772 or online at www.rrb.gov

What information should be verified by CCAO on the Form PTAX-343-A?
The CCAO should verify the following information on the form

- Signed by a physician licensed in State of Illinois registered through the Illinois Dept. of Financial and Professional Regulation web at www.idfpr.com under "Professional Regulation" and "License LookUp".
- Question 7 is marked "Yes" that the applicant meets the definition for disability provided in the statute "Has the disability lasted or is it expected to continue for 12 months or more?"

Is a doctor's statement acceptable proof if the applicant does not have proof of receiving benefits of a Class 2 Illinois Disabled Person Identification Card?
No. The Form PTAX-343-A meets the statutory requirement that a physician designated by the Illinois Department of Revenue must examine an applicant who does not have proof of receiving disability benefits or a Class 2 Illinois Disabled Person Identification Card to determine if the applicant is disabled. This physician will use the same standards as those used by the SSA when determining "total and permanent" disability.

Do residents of cooperative apartment buildings qualify for this exemption?
A resident of a cooperative apartment building **does** qualify for this exemption if he or she

- is the owner of record of a legal or equitable interest in the property; and
- occupies it as a principal residence; and
- is liable by contract with the owner(s) of record to pay the property taxes.

A resident of a cooperative apartment building who has a leasehold interest **does not** qualify for this exemption.

Do residents of nursing homes qualify for this exemption?
Yes. The exemption continues if the disabled person becomes a resident of a facility licensed under the Nursing Home Care Act if the disabled person retains ownership or the disabled person's spouse remains in the residence.

Section 15-169, Disabled Veterans' Standard Homestead Exemption (DVSHE) __________

A new homestead exemption for qualifying disabled veterans is available beginning tax year 2007 (taxes payable in 2008).

How much is the exemption?

The reduction in EAV of the disabled veteran's property is based on the percentage of service-connected disability certified by the Dept. of Veteran Affairs.

- A reduction in EAV of $2,500 is granted if the percentage of service-connected disability is at least 50 percent but less than 75 percent.
- A reduction in EAV $5,000 is granted if the percentage of service-connected disability is at least 75 percent.

What qualifications must be met?

All of the following qualifications must be met to receive this exemption:

- "Be a veteran (i.e., an Illinois resident who has served as a member of the United States Armed Forces on active duty or State active duty, a member of the Illinois National Guard, or a member of the United States Reserve Forces who has received an honorable discharge)
- Have a service-connected disability of at least 50 percent that is certified by the United States Department of Veterans Affairs.
- Own and occupy the property as the primary residence on January 1 of the assessment year or lease and occupy a single family residence on January 1 of the assessment year
- Be liable for the payment of the property taxes
- Property's EAV is less than $250,000 after subtracting any portion used for commercial purposes. "Commercial purposes" include any portion of property rented for more than 6 months.

  Note: Any portion of the property owned or leased by the disabled veteran that he or she rents to another individual or entity for more than 6 months is presumed used for commercial purposes.
- A taxpayer cannot receive this exemption and the Disabled Veterans' Homestead Exemption under Section 15-165 of the Property Tax Code and the Disabled Persons' Homestead Exemption under Section 15-168 of the Property Tax Code.

What are the qualifications for a surviving spouse to receive the DVSHE?

An unmarried surviving spouse of a disabled veteran can continue to receive the exemption on their spouse's homestead property or may transfer the exemption to a new primary residence. The surviving spouse must meet the following requirements:

- Sell the disabled veterans previous homestead property before transferring the exemption to their new primary residence.
- Occupy the property as the primary residence and hold a legal or beneficial title to the property on January 1 of the assessment year.

What are the filing requirements?

The disabled veteran or surviving spouse must file Form PTAX-342, Application for DVSHE with the CCAO by county's due date.

Once granted, the CCAO may mail the Form PTAX-342-R, Annual Verification of Eligibility for DVSHE, to the property owner each year. Although the statute for the DPHE specifies the annual verification of eligibility must be mailed by the CCAO, the statute for the DVSHE does not specify the Annual Verification of Eligibility must be mailed by the CCAO. The CCAO may request documentation to verify annual eligibility for the exemption.

By law, each county may establish a deadline to file the application. Applicants should contact the CCAO for the county's due date.

What types of documents must be provided as proof of a disability?

A disability award or verification letter from the U. S. Dept. of Veterans' Affairs for the current assessment year and one of the following documentation that is the original or a copy certified by the county recorder, recorder of deed's, Illinois Dept. of Veterans' Affairs, or the National Archives Record Center.

- Form DD 214 or separation of service from the War Department (military service prior to 1950); or
- Certification of Military Service Form.
- A surviving spouse claiming the exemption for the first time or transferring the exemption to a new residence must also provide the disabled veteran's death certificate and a copy of the most recent property tax bill of the disabled veteran's (or spouse's) former residence.

What rating should be used to determine the veteran's disability percentage on the award or verification letter from the U.S. Dept. of Veterans Affairs?
Only use the service-connected disability percentage from the award or verification letter certified by the U.S. Dept. of Veterans Affairs to determine eligibility for the DVSHE. When there are two service-connected disability ratings provided on the certification letter, do not use the percentage rating for compensation or unemployability. Also, if the rating is for a non-service connected disability, it does not qualify.

Is there any recourse if an application has not filed by the county's deadline?
Veterans should contact the chief county assessment officer or county board of review to determine if a "certificate of error" can be issued to allow the exemption.

Other Provisions

Section 18-178, Abatement for Residence of Surviving Spouse of a Fallen Police Officer or Rescue Worker

The governing body of a county or municipality may adopt an ordinance to abate a percentage of taxes on the primary residence within the county or municipality of a surviving spouse of a police officer or rescue worker killed in the line of duty. The ordinance will identify the percentage abatement and duration. If adopted, a certified copy of the ordinance must be delivered to the county clerk.

What qualifications must be met?
The property must be a real property that is not occupied by more than 2 families and that is used as a primary residence of the surviving spouse who has not remarried. The property must

- have been owned by the fallen police officer or rescue worker at the time of death; or
- have been acquired by the surviving spouse within 2 years of the fallen police officer or rescue worker's death (if the surviving spouse was living in Illinois at the time of death); or
- was acquired more than 2 years after the fallen police officer or rescue worker's death if the surviving spouse qualified for an abatement for a former property.

Section 20-15, Statements on tax bills

Tax bills must include a statement that indicates certain taxpayers may be eligible for tax exemptions, abatements, and other assistance programs and for more information to contact the township or county collector and the Illinois Department of Revenue.

Also, the statement must include information that certain taxpayers may be eligible for the Senior Citizens and Disabled Person Property Tax Relief and Pharmaceutical Assistance Act and that applications are available from the **Department on Aging** (not IDOR).

Section 21-27, Waiver of Interest Penalty

If recommended by the County Treasurer, the county board may adopt a resolution under which the interest penalty on delinquent taxes is waived if all of the following conditions are met:

- The person is eligible for a grant under the Senior Citizens and Disabled Person Property Tax Relief and Pharmaceutical Assistance Act (i.e., "Circuit Breaker") with respect to taxes for that year.
- The person requests a waiver and files a form approved by the county treasurer on or before the date that the first installment of tax is due.
- The person pays the installment in full on or before the third day of the month that the installment is due.
- The county treasurer approves the waiver.

A second waiver of interest penalty is permitted if the property qualifies as a brownfield site under the following conditions:

- The County Treasures recommends the county board adopt a resolution (within 60 days of the Act's effective date) to waive the interest penalty for any year before tax year 2008 and the board passes the resolution.

- The property taxes are delinquent and the amount of interest penalty and outstanding interest penalty is so large that the result may be all of the taxes are uncollectible.
- The property is part of a redevelopment plan of a unit of local government and that unit of local government does not oppose the interest penalty waiver.
- The redevelopment project will benefit the public interest by remediating the brownfield site.
- The taxpayer requests a waiver and files a form approved by the county treasurer and gives the treasurer a copy of the redevelopment plan.
- The taxpayer fully pays the amount of the first two installments, which will be held in escrow until the interest penalty waiver is approved, and sets up a payment agreement with the county treasurer to pay any remaining taxes due.
- The county treasurer approves the waiver.

Section 24-35, Property Tax Reform and Relief Task Force ___

A 9-member task force is created to study the Illinois property tax system and ways to reduce the reliance on these taxes using alternate funding sources. The Illinois Department of Revenue must provide administrative support to the task force. Contact Kara Moretto for information or for property tax reform suggestions.

Frequently Asked Questions for New Homestead Exemptions

Sec. 15-167, Returning Veterans' Homestead Exemption

The qualifications say that the exemption is "for the taxable year in which the veteran returns from an armed conflict involving the armed forces of the United States." What is meant by "armed conflict" to determine eligibility for this exemption?
There are no federal or state statutes that define an "armed conflict", whether it pertains to a specific period of conflict or war time or specific combat zones. Each county, with legal guidance from state's attorney should establish guidelines to determine eligibility that can be administered uniformly throughout the county.

Do residents of life care facilities qualify for this exemption?
No. The statute does not include a provision for a life care facility to qualify for the RVHE, but it does include a provision for cooperative apartment buildings to qualify for the RVHE.

Sec. 15-168, Disabled Persons' Homestead Exemption (DPHE)

On the back page of the Form PTAX-343 there is a section titled "What types of documents must be provided with this form as proof of my disability?" Under Item 5, it provides that if an applicant cannot provide the Items listed in 1 through 4, they can submit a Form PTAX 343-A Physician's Statement. The PTAX-343 may take some time to develop. We recommend that applicants first apply for the Class 2 Illinois Disabled Person Identification Card if they have not already done so. This will probably be much quicker and cost-effective than submitting a Form PTAX 343-A Physician's Statement.

Check boxes have been provided on the back of each of the forms in the area for "Official use" for your office to verify that the documentation has been provided by the applicant as proof of eligibility.

Sec. 15-169, Disabled Veterans' Standard Homestead Exemption (DVSHE)

Do residents of life care facilities or cooperative apartment buildings qualify for this exemption?
No. The statute does not include a provision for a life care facilities or cooperative apartment buildings to qualify for the RVHE.

Surviving Spouse
Can a surviving spouse qualify of a disabled veteran that passed away prior to 2007 effective date for the DVSHE?
No.

Alternative General Homestead Exemption Information

Note: The text in this section is a discussion on the provisions of Section 15-176 as they would apply in all counties *except* Cook County.

Any county may choose between the $5,000 general homestead exemption under Section 15-175 or an "alternative" general homestead exemption (AGHE) under Section 15-176. The AGHE is designed to limit a residential property's equalized assessed value (EAV) increase to 7 percent each year.

Because the EAV increases are limited to 7 percent each year, property owners do not pay taxes on EAV increases greater than 7 percent immediately.

Assessment administration processes are not affected because the AGHE is calculated the second year of the property tax cycle when all other homestead exemptions are calculated.

County Boards must pass an ordinance to be under the AGHE. The county ordinance should designate 2006 as the base year, which means that the AGHE will replace the general homestead exemption under Sec. 15-175 for three year assessment years: 2007, 2008, and 2009 (taxes payable in 2008, 2009, and 2010 respectively).

The county board must pass the ordinance on or before six months from the date that Senate Bill 13 becomes law. At the time that this document is written, the bill has not passed the General Assembly. If the measure is enacted, the Illinois Department of Revenue will post the effective date on its web site at www.tax.illinois.gov.

Copies of the ordinance must be sent to the Illinois Department of Revenue.

Note: Any county that adopts this ordinance will also be under the long-time occupant homestead exemption as well.

Generally, if a property qualifies for the general homestead exemption, it qualifies for the alternative general homestead exemption (*e.g.,* owner-occupied residential properties as of January 1 of the assessment year and apartment buildings owned and operated as life care facilities). Counties may use the same methods to determine eligibility for the AGHE as they do for the general homestead exemption (application, visual inspection,

Alternative General Homestead Exemption Information (cont.)

etc.). The county may allow a pro-rata AGHE equal to $5,000 divided by 365 and multiplied by the number of days that the property qualified as homestead property.

Only one person may claim the exemption when married persons maintain separate residences, and only for one property.

AGHE Calculation

Step 1 Calculate the base homestead value.
Subtract $5,000 from the property's 2006 (base year) EAV.

Step 2 Calculate the adjusted homestead value.

a Multiply the base homestead value from Step 1 by 7 percent for each tax year.

Year 1 = base homestead value X 1.07
Year 2 = base homestead value X 1.07 X 1.07
Year 3 = base homestead value X 1.07 X 1.07 X 1.07

b Subtract $5,000 from the property's current year EAV.

c Compare the amounts in Step 2a and Step 2b. The smaller amount is the adjusted homestead value.

Step 3 Calculate the AGHE.
Subtract the adjusted homestead value from the current year EAV. The amount of the AGHE is limited to

- $30,000 for tax year 2007;
- $24,000 for tax year 2008; and
- $18,000 for tax year 2009.

Step 4 Calculate the taxable EAV.
Subtract the AGHE from the current year EAV.

Note: If the AGHE calculation in Step 3 is more than the maximum allowed, add the excess to the subsequent year's adjusted homestead value.

If the property was not assessed as residential property during the tax year (*e.g.,* new property or a different use), then the base homestead value is the current year EAV minus $5,000.

Note: The maximum AGHE for a property that qualifies for the senior citizens assessment freeze homestead exemption is $5,000.

The 2006 base homestead value is adjusted in each of the following situations:

6. **The property is sold or transferred.** If the property is a sale or transfer other than between spouses or between a parent and child, the base homestead value is adjusted to the EAV of as of January 1 of the assessment year, minus $5,000. This new base homestead value will be used to calculate the next year's AGHE.
7. **The property's current year EAV is less than its base homestead value and the reduction is not due to a temporary irregularity.** The base homestead value is adjusted to the EAV of as of January 1 of the assessment year of the reduction. This new base homestead value will be used to calculate the next year's AGHE. Examples of temporary irregularities include damaged or destroyed property and disaster reassessments.
8. **A new building, structure, or other improvement is constructed on the homestead that increases the property's EAV.** A new base homestead value, which includes the value of the improvement, is calculated.
9. **There were administrative errors, assessment appeals, temporary irregularities, or judgments that affect the base homestead value.** In this case, the base homestead value is changed to the proper base year EAV.

Note: A property cannot receive both AGHE and the long-time occupant homestead exemption.

Section 15-176, Alternative General Homestead Exemption __

This exemption is only available in Cook County. It has been extended for another three years.

Section 15-177, Long-time Occupant Homestead Exemption _

This new exemption will be implemented in counties that are subject to the alternative general homestead exemption. currently only Cook County is subject to the alternative General Homestead Exemption.

How much is the exemption?

This exemption limits EAV increases to a specific annual percentage increase that is based on the total household income of $100,000 or less.

A total household income of $75,000 or less is limited to a 7% annual percentage increase in EAV or a total household income of over $75,000 to $100,000 is limited to a 10% annual percentage increase in EAV. The reduction in equalized assessed value (EAV) of the disabled veteran's property is based on the percentage of service-connected disability certified by the Department of Veteran Affairs.

- A reduction in EAV of $2,500 is granted if the percentage of service-connected disability is at least 50 percent but less than 75 percent.
- A reduction in EAV $5,000 is granted if the percentage of service-connected disability is at least 75 percent.

The exemption take effect in Cook County beginning with 2007 tax year for residential property that is occupied as a primary residence for a continuous period by a qualified taxpayer with a total household income of $100,000 or less. The property must be occupied for 10 continuous years or 5 continuous years if the person receives assistance to acquire the property as part of a government or nonprofit housing program. This exemption limits EAV increases to a specific annual percentage increase that is based on the total household income of $100,000 or less. A total household income of $75,000 or less is limited to a 7% annual percentage increase in EAV or a total household income of over $75,000 to

$100,000 is limited to a 10% annual percentage increase in EAV. The minimum limit is the same amount calculated for the GHE with no maximum limit amount for the exemption. Properties cannot receive both the LOHE and the AGHE or Senior Citizens Assessment Freeze Homestead Exemption. Properties that qualify for the SCAFHE will also receive the same amount calculated for the GHE.

Individuals should contact the Cook County Assessor's Office for information.

Long-time Occupant Homestead Exemption Information

If the county adopts an ordinance to be under the alternative general homestead exemption (AGHE), then the long-time occupant homestead exemption (LOHE) also applies to assessment years 2007, 2008, and 2009. This homestead exemption is designed to limit equalized assessed value (EAV) increases to a specific annual percentage increase based on the total household income. Like the AGHE, property owners do not pay taxes on EAV increases greater than a set percentage immediately. The minimum exemption is $5,000; but unlike the AGHE, there is no maximum amount.

The property owner must file an application with the CCAO each year. If qualifications are met, the LOHE applies **instead** of the AGHE. The qualifications are the same as for the AGHE, plus the following criteria:

10. **Ownership guideline** —The homestead property must have been occupied as the principle residence by the same individual for
    - i. 10 continuous years, or
    - ii. 5 continuous years if the person received assistance as part of a government or non-profit housing program to acquire the property.
11. **Income guideline —** The total household income is less than $100,000. The total household income definition is the same as the definition used for the senior citizens assessment freeze homestead exemption. The annual percentage increase in EAV is limited to
    - — 7% (same as AGHE) if the total household income is $75,000 or less.
    - — 10% if the total household income is more than $75,000 but no more than $100,000.
12. **Application guideline —** The county may specify a deadline to apply for the LOHE. Affected persons must be notified by mail or publication. The applicant must sign an affidavit and must submit proof of income, marital status, and principle residence. The CCAO may conduct an audit to verify that the affidavit and application information is correct.

Note: A property that receives the senior citizens assessment freeze homestead exemption does not qualify for the LOHE. Also, when married persons maintain separate residences, only one person can claim this exemption.

The 2006 base homestead value is adjusted in the same situations as the AGHE, except for property transfers. Under the LOHE, the exemption continues uninterrupted if the property is sold or transferred if the new property owner's total household income is $100,000 or less.

LOHE Calculation

Step 1 Calculate the base homestead value.
Subtract $5,000 from the property's 2006 (base year) EAV. Add 7% to this amount for each tax year until the property qualifies for the LOHE.

Step 2 Calculate the adjusted homestead value.

a Multiply the base homestead value from Step 1 by

- — 7 percent for each tax year if the total household income is $75,000 or less.
- — 10 percent for each tax year if the total household income is between $75,000 and $100,000.

b Subtract $5,000 from the property's current year EAV.

c Compare the amounts in Step 2a and Step 2b. The smaller amount is the adjusted homestead value.

Step 3 Calculate the LOHE.
Subtract the adjusted homestead value from the current year EAV.

Step 4 Calculate the taxable EAV.
Subtract the LOHE from the current year EAV.

AGHE and LOHE Calculation Examples ______________

Note: SCAFHE properties receive $5,000 exemption only.

Example 1 — Basic calculation (AGHE)

		Base year 2006	Tax year 2007	Tax year 2008	Tax year 2009
	EAV	**$105,000**	**$120,000**	**$125,000**	**$130,000**
Step 1	Base homestead value (Base year minus $5,000)	$105,000 - 5,000 $100,000			
Step 2	Adjusted homestead value calculation		$100,000	$107,000	$114,490
	a Base homestead value X 7% (compounded for each tax year)		X 1.07 **107,000**	X 1.07 **114,490**	X 1.07 **122,504**
	b Current year EAV minus $5,000		120,000 - 5,000 **115,000**	125,000 - 5,000 **120,000**	130,000 - 5,000 **125,000**
	c Adjusted homestead value (smaller of 2a or 2b)		107,000	114,490	122,504
Step 3	Alternative general homestead exemption (current year EAV minus adjusted homestead value)		120,000 -107,000 13,000	125,000 -114,490 10,510	130,000 -122,504 7,496
Step 4	Taxable EAV (payable next year) (current year EAV minus AGHE)		$107,000	$114,490	$122,504

Example 2 — Limited AGHE

		Base year 2006	Tax year 2007	Tax year 2008	Tax year 2009
	EAV	**$55,000**	**$90,000**	**$92,000**	**$94,500**
Step 1	Base homestead value (Base year minus $5,000)	55,000 - 5,000 $50,000			
Step 2	Adjusted homestead value calculation		$50,000	$53,500 + 6,500	$64,200 +3,710
	a Base homestead value X 7% (compounded for each tax year)		X 1.07 **53,500**	X 1.07 **64,200**	X 1.07 **72,664**
	b Current year EAV minus $5,000		90,000 - 5,000 **85,000**	92,000 - 5,000 **87,000**	94,500 - 5,000 **89,500**
	c Adjusted homestead value (smaller of 2a or 2b)		53,500	64,200	72,664
Step 3	Alternative general homestead exemption (current year EAV minus adjusted homestead value)		90,000 - 53,500 36,500	92,000 -64,290 27,710	94,500 -72,664 21,836
	Exemption limited (add remaining amount to Step 2a in subsequent year)		**30,000** 6,500	**24,000** 3,710	**18,000** 3,836
Step 4	Taxable EAV (payable next year) (current year EAV minus AGHE)		$60,000	$68,000	$76,500

AGHE and LOHE Calculation Examples (cont.) _______

Note: SCAFHE properties receive $5,000 exemption only.

Example 3 — LOHE, income under $75,000, qualifies in 2007

		Base year 2006	Tax year 2007	Tax year 2008	Tax year 2009
	EAV	**$55,000**	**$90,000**	**$92,000**	**$94,500**
Step 1	Base homestead value (Base year minus $5,000)	55,000 - 5,000 50,000			
Step 2	Adjusted homestead value calculation		$50,000	$53,500	$57,245
	a Base homestead value X 7%		X 1.07	X 1.07	X 1.07
	(compounded for each tax year)		**53,500**	**57,245**	**61,252**
	b Current year EAV minus $5,000		90,000 - 5,000	92,000 - 5,000	94,500 - 5,000
			85,000	**87,000**	**89,500**
	c Adjusted homestead value (smaller of 2a or 2b)		53,500	57,245	61,252
Step 3	Long-time occupant homestead exemption (current year EAV minus adjusted homestead value)		90,000 - 53,500 36,500	92,000 -57,245 34,755	94,500 -61,252 33,248
Step 4	Taxable EAV (payable next year) (current year EAV minus LOHE)		$53,500	$57,245	$61,252

Example 4 — Limited AGHE in 2007
LOHE beginning 2008 (income more than $75,000 but under $100,000)

		Base year 2006	Tax year 2007	Tax year 2008	Tax year 2009
	EAV	**$55,000**	**$90,000**	**$92,000**	**$94,500**
Step 1	Base homestead value (Base year minus $5,000)	$55,000 - 5,000 $50,000			
Step 2	Adjusted homestead value calculation		$50,000	$53,500 +6,500	$66,000
	a Base homestead value X 7%		X 1.07	X 1.10	X 1.10
	(compounded for each tax year)		**53,500**	**66,000**	**72,600**
	b Current year EAV minus $5,000		90,000 - 5,000	92,000 - 5,000	94,500 - 5,000
			85,000	**87,000**	**89,500**
	c Adjusted homestead value (smaller of 2a or 2b)		53,500	66,000	72,600
Step 3	AGHE (2007) and LOHE (2008 and 2009) (current year EAV minus adjusted homestead value)		90,000 - 53,500 36,500	92,000 -66,000 26,000	94,500 -72,600 21,900
	Exemption limited (add remaining amount to Step 2a in subsequent year)		**30,000** 6,500		
Step 4	Taxable EAV (payable next year) (current year EAV minus AGHE or LOHE)		$53,500	$66,000	$72,600