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NEWS

ROD R. BLAGOJEVICH - GOVERNOR

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Gov. Blagojevich Provides Expanded, Permanent Property Tax Relief to Benefit 76% of Cook County Homeowners

*Governor uses amendatory veto to permanently extend
and expand the 7% solution*

CHICAGO – Standing with Cook County Assessor James Houlihan in front of the home of Mike and Linda Vacala, a Cook County family hit hard by skyrocketing property assessments, Governor Rod R. Blagojevich today announced the permanent extension and enhancement of the 7% property tax solution. These changes will result in significant property tax relief for the vast majority of Cook County homeowners.

The Governor announced that he will provide the relief through an amendatory veto of House Bill 664, a property tax relief bill that provided some, but not enough relief for Cook County homeowners. If the vetoes are accepted by the General Assembly, at least 76% of Cook County homeowners will see lower property tax bills. Before the vetoes, fewer than half of Cook County homeowners would have seen property tax relief from House Bill 664, while many large office buildings, including the John Hancock Center and the Prudential Plaza would have seen hundreds of thousands of dollars in reduced property taxes.

“Forty-nine out of fifty aldermen said this bill wasn't good enough. The Cook County Board said it wasn't good enough. And Assessor Houlihan said it's not good enough. I agree, we can do better and with the changes I'm making today, over 75% of Cook County homeowners will see significant property tax relief,” said Governor Blagojevich.

Elected officials throughout Cook County, including Assessor Houlihan and the Cook County Board have criticized House Bill 664, calling for more property tax relief for homeowners. In July, 49 out of 50 Chicago Alderman signed a letter calling the House of Representative's efforts to provide property tax relief, “nothing more than a disingenuous attempt at property tax relief [that] will result in most homeowners seeing increases as great as 40%.”

“It's my belief that the Expanded Homeowner Exemption should be available to everyone and that it be permanent, reliable and simple,” said Cook County Assessor James Houlihan. “I know we can find a solution which works better than this legislation but also understand the critical timing in getting something done to make sure that the tax bills go out on time.”

Governor Blagojevich made two primary changes to House Bill 664: increasing the Expanded Homeowner Exemption (often called the 7% solution) for Cook County homeowners to \$40,000 per year from its current \$20,000 maximum; and making the increased exemption permanent. The Expanded Homeowner Exemption is the mechanism that currently helps slow the growth of rising property tax bills to 7% per year; it expires this year.

The Governor did not change several new exemptions included in the legislation to reduce property taxes for vulnerable populations statewide, including returning and disabled veterans, seniors and persons with disabilities:

- 1) \$5,000 homestead exemption for returning Veterans (only for the year they return from active duty);
- 2) \$2,000 homestead exemption for disabled persons;
- 3) \$5,000 homestead exemption for veterans with service-related 75% disability;
- 4) \$2,500 homestead exemption for veterans with service related 50% disability;
- 5) \$500 increase in seniors homestead exemption (to \$4,000 in 2008)
- 6) \$500 increase in general homeowners exemption in 2008 and 2009 (to \$6,000).

In 2003, the General Assembly originally passed a three year property tax solution called the 7% Expanded Homeowner Exemption. This law increased the Homeowner Exemption from \$4,500 to \$20,000. The Homeowner Exemption is an exemption that most property tax owners can subtract from the taxable value of their home (Equalized Assessed Value or EAV) when calculating property taxes.

Homeowners who utilize the expanded exemption slow the growth in the taxable value of a home to approximately 7% per year until the next assessment, rather than increasing it all at once. Under the original 2003 legislation, 76% of homeowners in Cook County realized cash savings. In the first year under the original 7% solution, Cook County residents saved on average between \$400 and \$900 on their property tax bills.

Without the amendatory veto, House Bill 664 would have phased out while simultaneously reducing the 7% solution over the next three years from \$33,000 in the first year to \$26,000 in the second, to \$20,000 in the third, and terminating the exemption in its fourth year. This could result in the doubling or tripling of a homeowner's property tax bill.

Under House Bill 664, not only do homeowners get less relief as with the amendatory veto, but large office buildings could see big tax breaks. Because House Bill 664 phases down the

Homeowner Exemption (from \$33,000 to \$20,000) the tax burden is shifted to homeowners, while owners of large office buildings would see their property taxes go down.

House Bill 664 also contains several other protections for homeowners that were not affected by the amendatory veto. These include:

- 1) Creates the “long-time occupant homestead exemption.” Creates a 10% cap on Equalized Assessment Value (EAV) increases for those who have owned their home for at least 10 years and have annual household income of less than \$100,000. Creates a 7% cap on EAV increases for those with less than \$75,000 income. This provision does not have a phase-out, nor does it have a cap on the amount of the exemption. However, most people have not been in their homes long enough to qualify.
- 2) Allows any county or municipality to abate taxes on property owned by the surviving spouse of a fallen police officer or rescue worker who died in the line of duty, provided the spouse has not remarried.
- 3) Creates Property Tax Reform and Relief Task Force, to study report about the property tax system in Illinois and alternative funding methods.
- 4) Creates a uniform property tax valuation for generators of wind energy. This will make local taxes more predictable for wind power developers and will deter counties from using tax policy to compete with each other for siting.

Cook County is the only county currently taking advantage of the 7% solution; other counties may opt-in to the legislation.

House Bill 664 becomes effective as soon as the legislature acts to concur with the veto.