

Support House Bill 143 (Meyers-Martin): Update Senior Citizen Property Tax Deferral Program to Use Unspent Funds and Reflect Current Needs

Passage of HB 143 will help seniors, 65 years of age or older, at risk of losing their home due to unpaid property taxes by making updates and improvements to the existing Senior Citizen Property Tax Deferral Program (320 ILCS 30/).

Current Program

The program allows qualified senior citizens to defer all or part of their property tax and special assessment payments on their principal residence. Deferred amounts are borrowed from the State of Illinois, via the Department of Revenue, who then pays the tax bill to the county tax collector. Interest on the amount paid by the State accumulates and a lien is placed on the property for all deferred tax payments and interest.

Applications are submitted through the County Collector's Office and are due on or before March 1 each year. The deferred tax amounts must be repaid within one year of the taxpayer's death, or 90 days after the property is sold, transferred, or otherwise no longer qualifies for the program. The deferral may be continued by a surviving spouse who is at least 55 years of age within six months of the taxpayer's death. More information on eligibility and rules is available at <http://bit.ly/ILSCPTD>.

Funding for the program comes from a revolving loan fund (Fund 930).

Program Improvements

In recent years, \$6.5 million has been appropriated annually for the program, but expenditures have been significantly lower (e.g., only \$3.26 million in FY20). The fund balance has grown due loan repayments by past borrowers and limited use of current program. At the beginning of 2021, the fund balance was \$21.4 million.

House Bill 143 makes some simple changes to the program to allow more seniors to be eligible and to make the program more user friendly.

- Increases the maximum household income for the borrower to \$65,000 (rather than \$55,000 in current law).
- The maximum loan amount will be increased to \$12,000 per tax year (rather than \$5,000 in current law).
- The interest rate on the loan would be lowered to 2% annually (rather than 6% in current law).

This legislation puts existing State funds that aren't being spent to use in order to help lower income seniors be able to afford to stay in their home.

