



OFFICE OF THE ATTORNEY GENERAL
STATE OF ILLINOIS

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Jim Ryan
ATTORNEY GENERAL

FILE NO. 96-031

REVENUE:
Homestead Exemption for Leasehold

Honorable Gregory B. Grigsby
State's Attorney, Christian County
101 South Main Street
Taylorville, Illinois 62568-2244

Dear Mr. Grigsby:

I have your letter wherein you inquire regarding the circumstances, if any, in which the lessee of a single family residence may qualify for the homestead exemption provided for in section 15-175 of the Property Tax Code (35 ILCS 200/15-175 (West 1994)). For the reasons hereinafter stated, it is my opinion that the exemption applies to a lease of land upon which a single family residence is situated, when the occupier thereof has an ownership interest in the residence, as set out in section 15-175, and is obligated to pay property taxes therefor.

Section 15-175 of the Property Tax Code provides, in part:

"General homestead exemption. Homestead property is entitled to an annual homestead exemption limited, except as described here with relation to cooperatives, to a reduction in the equalized assessed value of homestead property equal to the increase in equalized assessed value for the current assessment year above the equalized assessed value of the property for 1977, up to the maximum reduction set forth below. If however, the 1977 equalized assessed value upon which taxes were paid is subsequently determined by local assessing officials, the Property Tax Appeal Board, or a court to have been excessive, the equalized assessed value which should have been placed on the property for 1977 shall be used to determine the amount of the exemption.

The maximum reduction shall be \$4,500 in counties with 3,000,000 or more inhabitants and \$3,500 in all other counties.

'Homestead property' under this Section includes residential property that is occupied by its owner or owners as his or their principal dwelling place, or that is a leasehold interest on which a single family residence is situated, which is occupied as a residence by a person who has an ownership interest therein, legal or equitable or as a lessee, and on which the person is liable for the payment of property taxes. * * *

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(Emphasis added.)

Under the language of the statute, the homestead exemption is applicable to, inter alia:

1. a leasehold interest;
2. on which a single family residence is situated
 - a) which is occupied as a residence

b) by a person who has an ownership interest therein, either

i) legal (as in the title holder of the residence),

ii) equitable (as in a beneficiary of a trust) or

iii) as a lessee; and

3. on which the person is liable for the payment of property taxes.

Where the plain language of a statute is clear, it is not necessary to look beyond that language to seek legislative intent. (Kozak v. Retirement Board (1983), 95 Ill. 2d 211, 219-20.) In this instance, however, the few comments made during General Assembly debate on the amendment which added the language concerning which you have inquired (P.A. 81-1446, effective Sept. 4, 1980) offer helpful illustrations. The House and Senate sponsors of the legislation explained its purpose using the following examples:

"McGrew: . . . it allows the general homestead for those that are on long term leases. What we had was some general corporations that sold lots, you'd have shares in the corporation, but not the individual lots. This bill would allow for you to get that exemption." (Remarks of Rep. McGrew, May 15, 1980, House Debate on House Bill 2967, at 119.)

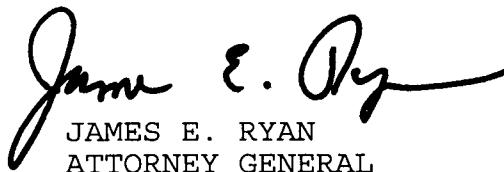
"Davidson: Under the present law, those individuals who own a home but have a lake lease are unable to qualify for their

Honorable Gregory B. Grigsby - 4.

homestead. This allows those individuals to do it. It says the person must be the owner-occupant of the house as well as the lease holder." (Remarks of Sen. Davidson, June 25, 1980, Senate Debate on House Bill 2967, at 112.)

The exemption is not written in such a way as to apply exclusively to the circumstances suggested by Representative McGrew and Senator Davidson. Its language is broader, and includes not only owner-occupiers but also those persons whose ownership interest in the residence is equitable or based upon a lease. The apparent intent is to permit the exemption to occupiers of single family residences situated on leaseholds when their interest in the property is such that they are, as a matter of law or contract, obligated to pay the property taxes thereon, even though they do not own the underlying property. Therefore, it is my opinion that the occupier of a single family residence on a leasehold will qualify for the homestead exemption in any case in which each of the requirements of section 15-175 of the Property Tax Code is met.

Sincerely,



JAMES E. RYAN
ATTORNEY GENERAL