

# Regulatory References Found in COBOL Source Code

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## Purpose

This document catalogs the Illinois tax code and regulatory requirements that are encoded in the Cook County property tax extension COBOL codebase. These references were identified through program comments, heading text, variable naming conventions, business logic patterns, and structural analysis of the code.

The code implements Cook County, Illinois property tax law as it existed primarily from the early 1990s through 2019. Some encoded regulations may no longer reflect current law.

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## 1. Property Tax Extension Limitation Law (PTELL)

### Reference

Illinois Property Tax Code, 35 ILCS 200/18-185 through 18-190 (commonly called "PTELL" or "tax caps").

### Implementation in Code

- **Programs:** CLRTM749, CLRTM750, CLRTM756
- **Evidence:** Report headings explicitly reference "PTELL": `HEADING2: 'PTELL - ' followed by tax year` (CLRTM749.cbl line 116, CLRTM750.cbl line 112)
- **Functionality:** The system produces reports categorizing property values into the components needed for PTELL calculations:
  - **New property equalized value** -- Growth from genuinely new construction
  - **Annexed property equalized value** -- Growth from territory annexed to a taxing district
  - **Disconnected property equalized value** -- Loss from territory disconnected from a taxing district
  - **Recovered Tax Increment value** -- Property values returning from expired TIF districts
  - **Expired incentive value** -- Values from expired tax incentive programs
- **PTELL Relevance:** Under PTELL, taxing districts are limited in how much they can increase their total extension year-over-year. However, new property, annexed property, and recovered TIF values are excluded from the limitation, so they must be separately computed and reported.

### Compliance Concern

The PTELL computation relies on accurate categorization of these value types. The formulas and categories appear consistent with the statute, but the system's hardcoded approach means any legislative changes to PTELL categories or computations would require code changes.

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## 2. Tax Increment Financing (TIF)

### Reference

Illinois Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq.

## Implementation in Code

- **Programs:** CLRTM356, CLRTM757, CLRTM759, CLRTM749, CLRTM750
- **Functionality:**
  - TIF districts "freeze" the equalized assessed value (EAV) of property within the district at the time the TIF is established (the "frozen base")
  - Any growth in EAV above the frozen base (the "increment") is allocated to the TIF district rather than to overlapping taxing bodies
  - The code computes:  $TIF\_difference = current\_EAV - frozen\_base\_EAV$
  - Negative differences are floored to zero (CLRTM757), meaning TIF districts cannot generate negative increments
  - The TIF difference and frozen base values are accumulated per agency in the Frozen Agency File (CLRTM759)

## Compliance Concern

- The negative-floor rule (BR-TIF-02) is consistent with TIF statute -- when property values decline below the frozen base, the overlapping taxing bodies still receive their levy based on the frozen base, but no negative increment is passed to the TIF.
- The system supports TIF expiration through the "Recovered Tax Increment" category in PTELL reports. When a TIF expires, its increment returns to the overlapping taxing bodies as "recovered" value.

## 3. Senior Citizen Assessment Freeze Homestead Exemption

### Reference

35 ILCS 200/15-172 (Senior Citizens Assessment Freeze Homestead Exemption, commonly called "Senior Freeze").

### Implementation in Code

- **Programs:** ASHMA850, ASHMA855, and the broader ASHMA pipeline (ASHMA440 through ASHMA923)
- **Functionality:**
  - Qualifying senior citizens have their property's EAV frozen at the base year value (the year they first qualified)
  - The "tax difference" between current EAV and base year EAV is computed to determine the exemption amount
  - The system tracks base years from 1993 through 2018
  - The program was established to implement the exemption that took effect with the 1994 tax year (base year 1993)
  - Certificate of Error corrections trigger a recalculation of the base year value (ASHMA855)

### Compliance Concerns

- **Base year limit:** The code only has counters through 2018. The statute allows new applicants each year, so the system cannot process new Senior Freeze applicants with base years after 2018 without code modification.

- **Eligibility criteria:** The code processes records that have already been determined eligible (through the ASHMA pipeline starting at ASHMA440). The eligibility determination logic (income thresholds, age requirements, ownership requirements) is handled earlier in the pipeline and in the CICS online system (ASHMA828), not in the batch calculation programs examined here.
  - **Income thresholds and age requirements** are not visible in the batch programs examined; they are likely in the online/CICS components.
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## 4. Homestead Improvement Exemption (Class 288)

### Reference

35 ILCS 200/15-180 (Homestead Improvement Exemption).

### Implementation in Code

- **Programs:** ASREA003, ASREA740
- **Functionality:**
  - The exemption applies to improvements to residential property, classified as class 288
  - The exemption amount (threshold subtracted from reproduction cost) has changed over time:
    - Pre-1979: \$15,000
    - 1979-1983: \$25,000
    - 1984-1997: \$30,000
    - 1998-2003: \$45,000
    - Post-2003: \$75,000
  - These thresholds are hardcoded in ASREA003.cbl

### Compliance Concerns

- **Current statutory limit:** The most recent threshold in the code is \$75,000 (post-2003). Verify this matches the current statutory limit under 35 ILCS 200/15-180.
  - **Historical thresholds:** The historical progression of thresholds in the code should be verified against legislative history. The statute has been amended multiple times.
  - **Year determination:** The code uses the improvement year to determine which threshold applies, using Y2K windowing (years > 60 = 1900s). This is consistent with the intent of applying the threshold that was in effect when the improvement was made.
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## 5. Non-Primary Homeowner Exemption (NPHE)

### Reference

35 ILCS 200/15-175 (General Homestead Exemption). The NPHE appears to be the Cook County implementation of the general homestead exemption for non-owner-occupied residential properties, or potentially an alternative exemption program.

### Implementation in Code

- **Programs:** ASHMA839
- **Functionality:**

- Exemption amounts have historically varied by geographic region within Cook County:
  - City of Chicago (townships 70-77)
  - Northwest suburbs (specific township numbers)
  - Southwest suburbs (specific township numbers)
- The exemption is clamped between a minimum and a geographic-specific maximum
- As of the most recent code update, all regions converge to \$10,000
- Special overrides apply for Senior Freeze participants and landmark properties

## Compliance Concerns

- **Geographic differentiation:** The historical variation in exemption amounts by region (City vs. Northwest vs. Southwest) reflects the Cook County triennial reassessment cycle, where different regions are reassessed in different years, leading to temporary assessment increases. The current convergence to a uniform \$10,000 may reflect a legislative change to standardize exemption amounts.
- **Current exemption amount:** The \$10,000 exemption value should be verified against current law. The general homestead exemption amount for Cook County has been increased by legislative action multiple times.
- **Township assignments:** The specific township numbers assigned to City/Northwest/Southwest divisions should be verified against current Cook County Assessor township boundaries.

## 6. Equalization Factor (State Multiplier)

### Reference

35 ILCS 200/17-5 through 17-30 (Equalization by the Department of Revenue).

### Implementation in Code

- **Programs:** CLREB020, ASREA864, ASHMA850, ASHMA855, CLRTM749, CLRTM750
- **Functionality:**
  - The Illinois Department of Revenue publishes annual equalization factors for each county to bring locally assessed values to 33 1/3% of fair market value
  - Cook County has a triennial reassessment cycle with four quads, so the equalization factor varies by year and quad
  - The factor is stored as 9V9999 (one integer digit, four decimal places)
  - The factor file is indexed by a 3-character key: 2-digit year + 1-digit quad
  - The factor is applied as:  $\text{equalized\_value} = \text{assessed\_value} \times \text{equalization\_factor}$

## Compliance Concerns

- **Factor format:** The 9V9999 format (max value 9.9999) should be sufficient for Cook County equalization factors, which have historically ranged from approximately 1.0 to 3.5.
- **Quad assignment:** The mapping of townships to quads (1-4) reflects the triennial reassessment cycle. If Cook County changes its reassessment cycle or quad assignments, the factor lookup logic would need updating.

## 7. Certificate of Error (COE)

## Reference

35 ILCS 200/14-15 through 14-25 (Certificates of Error).

## Implementation in Code

- **Programs:** ASCOE500, ASCOE515, ASHMA855
- **Functionality:**
  - COE records correct errors in assessed valuations
  - When a COE affects a Senior Freeze property, the base year value must be recalculated
  - COE processing validates: status codes (6, 7, 8), type codes (20, 21)
  - The recalculation formula:  $\text{base\_year\_value} = (\text{corrected\_assessed\_value} \times \text{equalization\_factor}) - \text{senior\_freeze\_value}$

## Compliance Concerns

- The status and type code filtering (status 6/7/8, type 20/21) represents specific business rules about which COE conditions trigger a Senior Freeze recalculation. These should be verified against current COE processing procedures.

# 8. Property Classification System

## Reference

Cook County Assessor's classification system (local ordinance, not directly from the Illinois Property Tax Code, though 35 ILCS 200/9-145 et seq. provides the framework for Cook County's classification authority).

## Implementation in Code

- **Programs:** ASHMA850, ASHMA839, ASREA003, ASREA740
- **Functionality:**
  - Three-digit classification codes where the first digit indicates major category (2xx = residential)
  - Specific classes with special handling:
    - 200: Residential land
    - 202-213, 218-221, 234, 278, 294-295, 297, 299: Residential improvements
    - 236: Mixed-use
    - 239: Farm land
    - 241: Residential land (additional)
    - 288: Homestead Improvement Exemption
  - Properties outside class 200-299 receive different treatment in NPHE calculations

## Compliance Concerns

- Cook County's classification system has been revised over the years. The specific class codes and their meanings should be verified against the current Cook County Assessor's classification ordinance.
- Class 288 handling is particularly important as it drives the Homestead Improvement Exemption thresholds.

## 9. Disconnection and Annexation

### Reference

Various Illinois statutes governing municipal boundary changes, including the Illinois Municipal Code (65 ILCS 5/) regarding annexation and disconnection.

### Implementation in Code

- **Programs:** CLRTM753, CLRTM755
- **Functionality:**
  - When taxing agency boundaries change, affected agencies are identified by comparing prior and current year agency lists
  - Valuation adjustments are computed proportionally
  - The Frozen Agency File is updated with disconnected and annexed valuations
  - These values feed into the PTELL new property report

### Compliance Concerns

- The proportional adjustment method (percentage change applied uniformly) is a simplification. Verify this is consistent with how Cook County actually handles boundary change valuations.

## 10. Expired Incentives

### Reference

Various Illinois tax incentive programs (Enterprise Zones, Tax Abatements, etc.) that have expiration dates.

### Implementation in Code

- **Programs:** CLRTM749, CLRTM750, CLRTM756
- **Functionality:**
  - Expired incentive equalized values are tracked separately in the Frozen Agency File (FA-EXPINC, FA-EXPINCEV)
  - They are reported as a distinct PTELL category
  - New property EAV includes expired incentive values:  $AEV-NEW-PROP-EQV = TC-EQVAL + TC-EXPINCEV$

### Compliance Concerns

- The treatment of expired incentives as additive to new property EAV should be verified against current PTELL regulations. The statute may have specific provisions for how expired incentive values are handled in the extension limitation calculation.

## Summary of Compliance Risk Areas

Area	Last Updated	Risk Level	Description
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<b>Area</b>	<b>Last Updated</b>	<b>Risk Level</b>	<b>Description</b>
Senior Freeze base years	2019 (year 2018 added)	HIGH	Cannot process base years after 2018 without code change
Class 288 thresholds	~2003	MEDIUM	\$75,000 threshold may have been updated by legislature
NPHE amounts	~2018	MEDIUM	\$10,000 value should be verified against current law
Y2K windowing	1999	LOW (until 2060)	Will produce wrong century after 2060
Township assignments	Unknown	LOW	Geographic divisions may have changed
PTELL categories	~2009	MEDIUM	PTELL statute amendments may have added new categories
Property classifications	1990s-2000s	MEDIUM	Cook County classification system may have been revised
COE processing codes	~2000	LOW	Status/type code filtering may need updating
Equalization factor format	1990s	LOW	9V9999 format adequate for foreseeable factors
Agency limit (40 per tax code)	1995	LOW	May be insufficient if new agencies are created