

SB3817



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3817

Introduced 2/6/2026, by Sen. Laura M. Murphy

SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-65

Amends the Property Tax Code. Provides that the exemption for charitable purposes applies to organizations that are exempt under specified provisions of the Internal Revenue Code.

LRB104 18812 HLH 32255 b

A BILL FOR

1 AN ACT concerning revenue.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Property Tax Code is amended by changing
5 Section 15-65 as follows:

6 (35 ILCS 200/15-65)

7 Sec. 15-65. Charitable purposes. All property of the
8 following is exempt when actually and exclusively used for
9 charitable or beneficent purposes, and not leased or otherwise
10 used with a view to profit:

11 (a) Institutions of public charity that are exempt
12 under paragraph (3) of Section 501(c) of the Internal
13 Revenue Code.

14 (b) Beneficent and charitable organizations that are
15 exempt under paragraph (3) of Section 501(c) of the
16 Internal Revenue Code and that are incorporated in any
17 state of the United States, including organizations whose
18 owner, and no other person, uses the property exclusively
19 for the distribution, sale, or resale of donated goods and
20 related activities and uses all the income from those
21 activities to support the charitable, religious or
22 beneficent activities of the owner, whether or not such
23 activities occur on the property.

1 (c) Old people's homes, facilities for persons with a
2 developmental disability, and not-for-profit
3 organizations providing services or facilities related to
4 the goals of educational, social and physical development,
5 if, upon making application for the exemption, the
6 applicant provides affirmative evidence that the home or
7 facility or organization is an exempt organization under
8 paragraph (3) of Section 501(c) of the Internal Revenue
9 Code or its successor, and either: (i) the bylaws of the
10 home or facility or not-for-profit organization provide
11 for a waiver or reduction, based on an individual's
12 ability to pay, of any entrance fee, assignment of assets,
13 or fee for services, or (ii) the home or facility is
14 qualified, built or financed under Section 202 of the
15 National Housing Act of 1959, as amended.

16 An applicant that has been granted an exemption under
17 this subsection on the basis that its bylaws provide for a
18 waiver or reduction, based on an individual's ability to
19 pay, of any entrance fee, assignment of assets, or fee for
20 services may be periodically reviewed by the Department to
21 determine if the waiver or reduction was a past policy or
22 is a current policy. The Department may revoke the
23 exemption if it finds that the policy for waiver or
24 reduction is no longer current.

25 If a not-for-profit organization leases property that
26 is otherwise exempt under this subsection to an

1 organization that conducts an activity on the leased
2 premises that would entitle the lessee to an exemption
3 from real estate taxes if the lessee were the owner of the
4 property, then the leased property is exempt.

5 (d) Not-for-profit health maintenance organizations
6 certified by the Director of the Illinois Department of
7 Insurance under the Health Maintenance Organization Act,
8 including any health maintenance organization that
9 provides services to members at prepaid rates approved by
10 the Illinois Department of Insurance if the membership of
11 the organization is sufficiently large or of indefinite
12 classes so that the community is benefited by its
13 operation. No exemption shall apply to any hospital or
14 health maintenance organization which has been adjudicated
15 by a court of competent jurisdiction to have denied
16 admission to any person because of race, color, creed, sex
17 or national origin.

18 (e) All free public libraries.

19 (f) Historical societies.

20 Property otherwise qualifying for an exemption under this
21 Section shall not lose its exemption because the legal title
22 is held (i) by an entity that is organized solely to hold that
23 title and that qualifies under paragraph (2) of Section 501(c)
24 of the Internal Revenue Code or its successor, whether or not
25 that entity receives rent from the charitable organization for
26 the repair and maintenance of the property, (ii) by an entity

1 that is organized as a partnership or limited liability
2 company, in which the charitable organization, or an affiliate
3 or subsidiary of the charitable organization, is a general
4 partner of the partnership or managing member of the limited
5 liability company, for the purposes of owning and operating a
6 residential rental property that has received an allocation of
7 Low Income Housing Tax Credits for 100% of the dwelling units
8 under Section 42 of the Internal Revenue Code of 1986, as
9 amended, or (iii) for any assessment year including and
10 subsequent to January 1, 1996 for which an application for
11 exemption has been filed and a decision on which has not become
12 final and nonappealable, by a limited liability company
13 organized under the Limited Liability Company Act provided
14 that (A) the limited liability company's sole member or
15 members, as that term is used in Section 1-5 of the Limited
16 Liability Company Act, are the institutions of public charity
17 that actually and exclusively use the property for charitable
18 and beneficent purposes; and (B) the limited liability company
19 does not lease the property or otherwise use it with a view to
20 profit.

21 (Source: P.A. 103-954, eff. 8-9-24.)