



## 95TH GENERAL ASSEMBLY

### State of Illinois

### 2007 and 2008

#### HB1110

by Rep. William B. Black

#### SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-65

Amends the Property Tax Code. Provides that all property of a not-for-profit hospital is exempt from the tax imposed by the Property Tax Code if, upon making the application for the exemption, the hospital provides affirmative evidence: (i) that the hospital is an exempt organization under paragraph (3) of Section 501(c) of the federal Internal Revenue Code and (ii) that the hospital has policies and procedures in effect to provide for a waiver or reduction, based on an individual's ability to pay, of any fee for services. Provides that property leased by the hospital that would otherwise be exempt under the charitable purpose exemption to an organization that conducts an activity on the leased premises that would entitle the lessee to an exemption from real estate taxes if the lessee were the owner of the property, then the leased property is exempt. Effective immediately.

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FISCAL NOTE ACT  
MAY APPLY

HOUSING  
AFFORDABILITY  
IMPACT NOTE ACT  
MAY APPLY

1 AN ACT concerning taxes.

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.

12 (b) Beneficent and charitable organizations  
13 incorporated in any state of the United States, including  
14 organizations whose owner, and no other person, uses the  
15 property exclusively for the distribution, sale, or resale  
16 of donated goods and related activities and uses all the  
17 income from those activities to support the charitable,  
18 religious or beneficent activities of the owner, whether or  
19 not such activities occur on the property.

20 (c) Old people's homes, facilities for persons with a  
21 developmental disability, and not-for-profit organizations  
22 providing services or facilities related to the goals of  
23 educational, social and physical development, if, upon

1 making application for the exemption, the applicant  
2 provides affirmative evidence that the home or facility or  
3 organization is an exempt organization under paragraph (3)  
4 of Section 501(c) of the Internal Revenue Code or its  
5 successor, and either: (i) the bylaws of the home or  
6 facility or not-for-profit organization provide for a  
7 waiver or reduction, based on an individual's ability to  
8 pay, of any entrance fee, assignment of assets, or fee for  
9 services, or (ii) the home or facility is qualified, built  
10 or financed under Section 202 of the National Housing Act  
11 of 1959, as amended.

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

21 If a not-for-profit organization leases property that  
22 is otherwise exempt under this subsection to an  
23 organization that conducts an activity on the leased  
24 premises that would entitle the lessee to an exemption from  
25 real estate taxes if the lessee were the owner of the  
26 property, then the leased property is exempt.

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

14 (e) All free public libraries.

15 (f) Historical societies.

16 (g) Not-for-profit hospitals, if, upon making  
17 application for the exemption, the applicant provides  
18 affirmative evidence (i) that the hospital is an exempt  
19 organization under paragraph (3) of Section 501(c) of the  
20 Internal Revenue Code or its successor and (ii) that the  
21 hospital has policies and procedures in effect to provide  
22 for a waiver or reduction, based on an individual's ability  
23 to pay, of any fee for services.

24 If a not-for-profit hospital leases property that is  
25 otherwise exempt under this subsection to an organization  
26 that conducts an activity on the leased premises that would

1       entitle the lessee to an exemption from real estate taxes  
2       if the lessee were the owner of the property, then the  
3       leased property is exempt.

4       Property otherwise qualifying for an exemption under this  
5       Section shall not lose its exemption because the legal title is  
6       held (i) by an entity that is organized solely to hold that  
7       title and that qualifies under paragraph (2) of Section 501(c)  
8       of the Internal Revenue Code or its successor, whether or not  
9       that entity receives rent from the charitable organization for  
10      the repair and maintenance of the property, (ii) by an entity  
11      that is organized as a partnership, in which the charitable  
12      organization, or an affiliate or subsidiary of the charitable  
13      organization, is a general partner, for the purposes of owning  
14      and operating a residential rental property that has received  
15      an allocation of Low Income Housing Tax Credits for 100% of the  
16      dwelling units under Section 42 of the Internal Revenue Code of  
17      1986, or (iii) for any assessment year including and subsequent  
18      to January 1, 1996 for which an application for exemption has  
19      been filed and a decision on which has not become final and  
20      nonappealable, by a limited liability company organized under  
21      the Limited Liability Company Act provided that (A) the limited  
22      liability company receives a notification from the Internal  
23      Revenue Service that it qualifies under paragraph (2) or (3) of  
24      Section 501(c) of the Internal Revenue Code; (B) the limited  
25      liability company's sole members, as that term is used in  
26      Section 1-5 of the Limited Liability Company Act, are the

1 institutions of public charity that actually and exclusively  
2 use the property for charitable and beneficent purposes; and  
3 (C) the limited liability company does not lease the property  
4 or otherwise use it with a view to profit.

5 (Source: P.A. 91-416, eff. 8-6-99; 92-382, eff. 8-16-01.)

6 Section 99. Effective date. This Act takes effect upon  
7 becoming law.