



## 100TH GENERAL ASSEMBLY

### State of Illinois

2017 and 2018

HB3642

by Rep. Emily McAsey

#### SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-65

Amends the Property Tax Code. In a Section regarding property tax exemptions for charitable purposes, provides that property held by a charitable organization for the purpose of constructing or rehabilitating residences for eventual transfer to qualified low-income families through sale, lease, or contract for deed is exempt from property tax as a charitable purpose. Provides that the exemption commences on the day title to the property is transferred to the organization and continues to the end of the levy year in which the organization transfers title to the property to a qualified low-income family. Effective immediately.

LRB100 11424 HLH 21845 b

FISCAL NOTE ACT  
MAY APPLY

HOUSING  
AFFORDABILITY  
IMPACT NOTE ACT  
MAY APPLY

STATE MANDATES  
ACT MAY REQUIRE  
REIMBURSEMENT

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.

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) Property held by a charitable organization for the  
17 purpose of constructing or rehabilitating residences for  
18 eventual transfer to qualified low-income families through  
19 sale, lease, or contract for deed. The exemption shall  
20 commence on the day title to the property is transferred to  
21 the organization and shall continue to the end of the levy  
22 year in which the organization transfers title to the  
23 property to a qualified low-income family. For the purposes  
24 of this paragraph (g), "qualified low-income family" means  
25 a family whose adjusted income is less than 80% of the  
26 median income of the area of residence, adjusted for family

1        size, as such adjusted income and median income for the  
2        area are determined from time to time by the United States  
3        Department of Housing and Urban Development for purposes of  
4        Section 8 of the United States Housing Act of 1937.

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

1 Company Act, are the institutions of public charity that  
2 actually and exclusively use the property for charitable and  
3 beneficent purposes; (B) the limited liability company is a  
4 disregarded entity for federal and Illinois income tax purposes  
5 and, as a result, the limited liability company is deemed  
6 exempt from income tax liability by virtue of the Internal  
7 Revenue Code Section 501(c)(3) status of its sole member or  
8 members; and (C) the limited liability company does not lease  
9 the property or otherwise use it with a view to profit.

10 (Source: P.A. 96-763, eff. 8-25-09.)

11 Section 99. Effective date. This Act takes effect upon  
12 becoming law.