

1 AN ACT concerning local government.

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
19 or 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
22 organizations providing services or facilities related to
23 the goals of educational, social and physical development,

1 if, upon making application for the exemption, the
2 applicant provides affirmative evidence that the home or
3 facility or organization is an exempt organization under
4 paragraph (3) of Section 501(c) of the Internal Revenue
5 Code or its successor, and either: (i) the bylaws of the
6 home or facility or not-for-profit organization provide
7 for a waiver or reduction, based on an individual's
8 ability to pay, of any entrance fee, assignment of assets,
9 or fee for services, or (ii) the home or facility is
10 qualified, built or financed under Section 202 of the
11 National Housing Act 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20 reduction is no longer current.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
25 from 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) Cultivation and sale of fresh fruits and
17 vegetables. A vacant lot that is leased from a
18 municipality or owned by a nonprofit corporation or
19 association for the cultivation, sale, or cultivation and
20 sale of fresh fruits and vegetables under Section 11-11-4
21 of the Illinois Municipal Code is exempt when actually and
22 exclusively used for such purposes. To qualify for the
23 exemption, the nonprofit corporation or association must
24 verify that it is not controlled, directly or indirectly,
25 by any agricultural, commercial, or other business. The
26 nonprofit corporation or association must also verify

1 that, if the fresh fruits or vegetables are sold, any
2 profits are used to further the mission of the exempt
3 organization.

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

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

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

11 Section 10. The Illinois Municipal Code is amended by
12 adding Section 11-11-4 as follows:

13 (65 ILCS 5/11-11-4 new)

14 Sec. 11-11-4. Lease, conveyance, or sale of property for
15 cultivation and sale of fresh fruits and vegetables.

16 (a) As used in this Section, "vacant lot" means all or any
17 part of municipal-owned property, with or without
18 improvements, not then needed for municipal purposes, as
19 determined by the city council of a municipality.

20 (b) A city council may, by resolution or ordinance,
21 authorize a leasehold to be made with a nonprofit corporation
22 or association for a term not in excess of 25 years, and
23 extended in increments of no more than 25 years, by ordinance
24 or resolution thereafter for one or more of the following

1 purposes:

2 (1) The cultivation or use of a vacant lot for
3 gardening fruits and vegetables.

4 (2) The use of a vacant lot to sell fresh fruits and
5 vegetables. Any lease entered into pursuant to this
6 paragraph may permit the nonprofit corporation or
7 association to sell fresh fruits and vegetables on the
8 leased land, off the leased land, or both, if the sales are
9 related and incidental to the nonprofit purposes of the
10 corporation or association and the net proceeds received
11 by the nonprofit corporation or association are used to
12 further the nonprofit purposes of the corporation or
13 association.

14 (c) A city council may, by resolution or ordinance,
15 authorize a private sale or conveyance of a vacant lot, or any
16 part thereof, for nominal consideration, without compliance
17 with any other law governing disposal of lands by
18 municipalities requiring adequate consideration, to a
19 nonprofit corporation or association for use for one or more
20 of the following purposes:

21 (1) The cultivation or use of the lot for gardening
22 fruits and vegetables.

23 (2) The use of the lot to sell fresh fruits and
24 vegetables. Any sale or conveyance entered into pursuant
25 to this paragraph may permit the nonprofit corporation or
26 association to sell fresh fruits and vegetables on the

1 lot, off the lot, or both, provided, that: (i) the sales
2 are related and incidental to the purpose of the nonprofit
3 corporation or association and (ii) the net proceeds
4 received by the nonprofit corporation or association are
5 used to further the purposes of the nonprofit corporation
6 or association.

7 Any conveyance or sale of property pursuant to this
8 subsection shall contain a limitation that the property shall
9 only be used by the nonprofit corporation or association for
10 one or more of the following purposes: (i) the cultivation of
11 land for gardening fruits and vegetables; or (ii) the sale of
12 fresh fruits and vegetables. If it is determined by the city
13 council of the municipality that the property is being used
14 for any purpose other than the purposes set forth in this
15 subsection, its full right and title shall revert back to the
16 municipality without any entry or reentry made on the property
17 on behalf of the municipality.

18 Whenever a sale of property is proposed pursuant to this
19 subsection, the municipality shall give at least 10 days'
20 notice of such sale prior to a public hearing where an
21 ordinance or resolution approving the sale is adopted.

22 Property subject to an unexpired lease under subsection
23 (b) is not eligible to be sold under this subsection, unless
24 the lease would allow such a sale.

25 (d) A nonprofit organization or association leasing,
26 conveyed, or sold a lot under this Section may not be

1 controlled, directly or indirectly, by any agricultural,
2 commercial, or other business. The nonprofit organization or
3 association must also include among its principal purposes the
4 cultivation, sale, or cultivation and sale of fresh fruits and
5 vegetables.

6 (e) A nonprofit organization or association leasing,
7 conveyed, or sold a lot under this Section is authorized to
8 sell fresh fruits and vegetables either on the land, off the
9 land, or both, and the sales must be related and incidental to
10 the nonprofit purposes of the organization or association and
11 the net proceeds received by the nonprofit organization or
12 association must be used to further the nonprofit purposes of
13 the organization or association.

14 (f) Property leased, conveyed, or sold under this Section
15 may be exempt from property taxation if the requirements of
16 subsection (g) of Section 15-65 of the Property Tax Code are
17 sufficiently met and the property is actually and exclusively
18 used for the cultivation, sale, or cultivation and sale of
19 fresh fruits and vegetables.