

HB0826



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB0826

Introduced 2/9/2009, by Rep. William B. Black

SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-65

Amends the Property Tax Code. In a provision concerning tax exemptions for charitable purposes, sets forth requirements that a hospital must meet to be deemed to be actually and exclusively used for charitable purposes. Effective immediately.

LRB096 09420 JDS 19577 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

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.

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) Notwithstanding any other provision of law, for any
17 assessment year for which an application has been filed and
18 a decision on which has not become final and nonappealable
19 as of the effective date of this amendatory Act of the 96th
20 General Assembly, real property that is used in furtherance
21 of the establishment, operation, administration,
22 preservation, security, repair, or maintenance of a
23 not-for-profit hospital is deemed to be actually and
24 exclusively used for charitable purposes if all of the
25 following requirements are satisfied:

26 (1) The hospital benefits the general welfare of an

1 indefinite number of persons by providing health care
2 to persons in its community in a way that does not
3 discriminate based on race, religion, gender, or
4 national origin.

5 (2) The hospital does not have capital stock or
6 shareholders and none of the hospital's net earnings
7 inure to the benefit of private individuals, as the
8 private inurement standard is interpreted under
9 Section 501(c) (3) of the Internal Revenue Code.

10 (3) The majority of the hospital's operating funds
11 are derived from and used for the provision of health
12 care services or donations.

13 (4) The hospital dispenses charity to all who need
14 and apply for it and does not place obstacles in the
15 way of those who need and would avail themselves of its
16 charitable benefits. This standard is satisfied if:

17 (A) The hospital provides emergency services,
18 as required under the Hospital Licensing Act, to
19 patients regardless of their ability to pay;

20 (B) The hospital provides financial assistance
21 to patients in accordance with a written policy
22 that is based on community need, the available
23 resources of the hospital, and other factors that
24 may be unique to the hospital, such as the
25 hospital's volume of Medicare and Medicaid
26 patients; and

1 (C) The hospital provides notice of the
2 availability of financial assistance to patients
3 by posting signs that are visible to the public in
4 the hospital and by including such a statement on
5 or with the bill that is sent to uninsured
6 patients.

7 Notwithstanding any other provision of law, a
8 hospital does not fail to satisfy the requirements of
9 this item (4) by requiring verification of a patient's
10 financial condition before providing financial
11 assistance or by pursuing collection from a patient who
12 does not apply or qualify for financial assistance
13 under the hospital's written financial assistance
14 policy.

15 (5) The hospital's property is actually and
16 factually used in furtherance of providing health
17 care, including but not limited to gift shops,
18 cafeterias, and parking facilities that are used by
19 patients, visitors, and staff, and facilities for
20 staff and community education. A hospital does not fail
21 to satisfy this standard by entering into independent
22 contracts with providers of services to the hospital or
23 its patients, provided that such contracts are entered
24 into on an arm's length basis. If a hospital leases
25 property that is otherwise exempt under this
26 subsection to an organization that conducts an

1 activity on the leased premises that is in furtherance
2 of the establishment, operation, administration,
3 preservation, security, repair, or maintenance of the
4 hospital, then the leased property is exempt. If a
5 not-for-profit organization leases property that is
6 otherwise exempt under this subsection to an
7 organization that conducts an activity on the leased
8 premises that would entitle the lessee to an exemption
9 from real estate taxes if the lessee were the owner of
10 the property, then the leased property is exempt.

11 (6) The hospital's property is primarily used in
12 furtherance of providing health care. This standard is
13 satisfied if the use of the hospital's property for
14 health care is not simply an incidental or secondary
15 use.

16 Property otherwise qualifying for an exemption under this
17 Section shall not lose its exemption because the legal title is
18 held (i) by an entity that is organized solely to hold that
19 title and that qualifies under paragraph (2) of Section 501(c)
20 of the Internal Revenue Code or its successor, whether or not
21 that entity receives rent from the charitable organization for
22 the repair and maintenance of the property, (ii) by an entity
23 that is organized as a partnership, in which the charitable
24 organization, or an affiliate or subsidiary of the charitable
25 organization, is a general partner, for the purposes of owning
26 and operating a residential rental property that has received

1 an allocation of Low Income Housing Tax Credits for 100% of the
2 dwelling units under Section 42 of the Internal Revenue Code of
3 1986, or (iii) for any assessment year including and subsequent
4 to January 1, 1996 for which an application for exemption has
5 been filed and a decision on which has not become final and
6 nonappealable, by a limited liability company organized under
7 the Limited Liability Company Act provided that (A) the limited
8 liability company receives a notification from the Internal
9 Revenue Service that it qualifies under paragraph (2) or (3) of
10 Section 501(c) of the Internal Revenue Code; (B) the limited
11 liability company's sole members, as that term is used in
12 Section 1-5 of the Limited Liability Company Act, are the
13 institutions of public charity that actually and exclusively
14 use the property for charitable and beneficent purposes; and
15 (C) the limited liability company does not lease the property
16 or otherwise use it with a view to profit.

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

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.