



96TH GENERAL ASSEMBLY

State of Illinois

2009 and 2010

HB4880

Introduced 1/15/2010, by Rep. Keith P. Sommer

SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-65

Amends the Property Tax Code. Provides that, beginning in taxable year 2010, if residential real property is (i) rented or leased for a de minimus sum to an organization that is exempt under paragraph (3) of Section 501(c) of the Internal Revenue Code and (ii) operated and controlled by that organization solely for use as a community integrated living arrangement, then that property is exempt from taxation. Provides that once such property is exempt from taxation, it shall remain exempt so long as it is (i) rented or leased to the exempt organization for a de minimus sum and (ii) operated and controlled by that organization solely for use as a community integrated living arrangement. Authorizes the Chief County Assessment Officer to require lessors seeking this exemption to annually file an application verifying the satisfaction of these requirements. Effective immediately.

LRB096 16730 HLH 32022 b

FISCAL NOTE ACT
MAY APPLY

HOUSING
AFFORDABILITY
IMPACT NOTE ACT
MAY APPLY

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, except as otherwise
10 provided below, leased or otherwise 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 Beginning in taxable year 2010, if residential real
2 property that otherwise satisfies the requirements of this
3 subsection (c) is (i) rented or leased for a de minimus sum
4 to an organization that is exempt under paragraph (3) of
5 Section 501(c) of the Internal Revenue Code and (ii)
6 operated and controlled by that organization solely for use
7 as a community integrated living arrangement, then that
8 property is exempt from taxation. Once such property is
9 exempt from taxation, it shall remain exempt so long as it
10 is (i) rented or leased for a de minimus sum to the exempt
11 organization and (ii) operated and controlled by that
12 organization solely for use as a community integrated
13 living arrangement. The Chief County Assessment Officer
14 may require lessors seeking this exemption to annually file
15 an application verifying the satisfaction of these
16 requirements.

17 (d) Not-for-profit health maintenance organizations
18 certified by the Director of the Illinois Department of
19 Insurance under the Health Maintenance Organization Act,
20 including any health maintenance organization that
21 provides services to members at prepaid rates approved by
22 the Illinois Department of Insurance if the membership of
23 the organization is sufficiently large or of indefinite
24 classes so that the community is benefited by its
25 operation. No exemption shall apply to any hospital or
26 health maintenance organization which has been adjudicated

1 by a court of competent jurisdiction to have denied
2 admission to any person because of race, color, creed, sex
3 or national origin.

4 (e) All free public libraries.

5 (f) Historical societies.

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

1 that term is used in Section 1-5 of the Limited Liability
2 Company Act, are the institutions of public charity that
3 actually and exclusively use the property for charitable and
4 beneficent purposes; (B) the limited liability company is a
5 disregarded entity for federal and Illinois income tax purposes
6 and, as a result, the limited liability company is deemed
7 exempt from income tax liability by virtue of the Internal
8 Revenue Code Section 501(c)(3) status of its sole member or
9 members; and (C) the limited liability company does not lease
10 the property or otherwise use it with a view to profit.
11 (Source: P.A. 96-763, eff. 8-25-09.)

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