



103RD GENERAL ASSEMBLY

State of Illinois

2023 and 2024

HB4132

by Rep. Maurice A. West, II

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.

LRB103 33867 HLH 63683 b

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
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) For the 2024 taxable year and thereafter, property
17 held by a charitable organization for the purpose of
18 constructing or rehabilitating residences for eventual
19 transfer to qualified low-income families through sale,
20 lease, or contract for deed. The exemption shall commence
21 on the day title to the property is transferred to the
22 organization and shall continue through the end of the
23 levy year in which the organization transfers title to the
24 property to a qualified low-income family. For the
25 purposes of this paragraph (g), "qualified low-income
26 family" means a family whose adjusted income is less than

1 80% of the median income of the area of residence,
2 adjusted for family size, as such adjusted income and
3 median income for the area are determined from time to
4 time by the United States Department of Housing and Urban
5 Development for purposes of Section 8 of the United States
6 Housing Act of 1937.

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

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

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

14 Section 99. Effective date. This Act takes effect upon
15 becoming law.