

HB5444



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB5444

by Rep. Michael Unes

SYNOPSIS AS INTRODUCED:

35 ILCS 200/15-65

Amends the Property Tax Code. Provides that property that is leased by a charitable organization for a period of at least one year is exempt from taxation.

LRB098 18933 HLH 54080 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 owned by ~~of~~
8 the following, or leased by the following for a period of at
9 least one year, is exempt when actually and exclusively used
10 for charitable or beneficent purposes, ~~and not leased or~~
11 ~~otherwise used with a view to profit:~~

12 (a) Institutions of public charity.

13 (b) Beneficent and charitable organizations
14 incorporated in any state of the United States, including
15 organizations whose owner, and no other person, uses the
16 property exclusively for the distribution, sale, or resale
17 of donated goods and related activities and uses all the
18 income from those activities to support the charitable,
19 religious or beneficent activities of the owner, whether or
20 not such activities occur on the property.

21 (c) Old people's homes, facilities for persons with a
22 developmental disability, and not-for-profit organizations
23 providing services or facilities related to the goals of

1 educational, social and physical development, if, upon
2 making application for the exemption, the applicant
3 provides affirmative evidence that the home or facility or
4 organization is an exempt organization under paragraph (3)
5 of Section 501(c) of the Internal Revenue Code or its
6 successor, and either: (i) the bylaws of the home or
7 facility or not-for-profit organization provide for a
8 waiver or reduction, based on an individual's ability to
9 pay, of any entrance fee, assignment of assets, or fee for
10 services, or (ii) the home or facility is qualified, built
11 or financed under Section 202 of the National Housing Act
12 of 1959, as amended.

13 An applicant that has been granted an exemption under
14 this subsection on the basis that its bylaws provide for a
15 waiver or reduction, based on an individual's ability to
16 pay, of any entrance fee, assignment of assets, or fee for
17 services may be periodically reviewed by the Department to
18 determine if the waiver or reduction was a past policy or
19 is a current policy. The Department may revoke the
20 exemption if it finds that the policy for waiver or
21 reduction is no longer current.

22 If a not-for-profit organization leases property that
23 is otherwise exempt under this subsection to an
24 organization that conducts an activity on the leased
25 premises that would entitle the lessee to an exemption from
26 real estate taxes if the lessee were the owner of the

1 property, then the leased property is exempt.

2 (d) Not-for-profit health maintenance organizations
3 certified by the Director of the Illinois Department of
4 Insurance under the Health Maintenance Organization Act,
5 including any health maintenance organization that
6 provides services to members at prepaid rates approved by
7 the Illinois Department of Insurance if the membership of
8 the organization is sufficiently large or of indefinite
9 classes so that the community is benefited by its
10 operation. No exemption shall apply to any hospital or
11 health maintenance organization which has been adjudicated
12 by a court of competent jurisdiction to have denied
13 admission to any person because of race, color, creed, sex
14 or national origin.

15 (e) All free public libraries.

16 (f) Historical societies.

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

1 partner of the partnership or managing member of the limited
2 liability company, for the purposes of owning and operating a
3 residential rental property that has received an allocation of
4 Low Income Housing Tax Credits for 100% of the dwelling units
5 under Section 42 of the Internal Revenue Code of 1986, as
6 amended, or (iii) for any assessment year including and
7 subsequent to January 1, 1996 for which an application for
8 exemption has been filed and a decision on which has not become
9 final and nonappealable, by a limited liability company
10 organized under the Limited Liability Company Act provided that
11 (A) the limited liability company's sole member or members, as
12 that term is used in Section 1-5 of the Limited Liability
13 Company Act, are the institutions of public charity that
14 actually and exclusively use the property for charitable and
15 beneficent purposes; (B) the limited liability company is a
16 disregarded entity for federal and Illinois income tax purposes
17 and, as a result, the limited liability company is deemed
18 exempt from income tax liability by virtue of the Internal
19 Revenue Code Section 501(c)(3) status of its sole member or
20 members; and (C) the limited liability company does not lease
21 the property or otherwise use it with a view to profit.

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