

Issue Brief

Non-Profit Property Tax Exemption



The Issue

- As a non-profit organization, Presence Health currently is exempt from paying local property taxes.
- Illinois uses the property tax exemption to encourage and enable non-profit organizations to spend and invest more on giving back to their communities.
- Non-profit healthcare organizations benefitting from the exemption have to report to the Illinois Attorney General every year the dollar amount of community benefit they provide in order to continue to be designated as a non-profit organization.
- If the total community benefit reported is greater than what a non-profit would have had to pay in property taxes, then the non-profit will continue to be exempt from property taxes for the following year.
- If total community benefit reported is less than what a non-profit would have had to pay in property taxes, local jurisdictions may request the organization begin paying the property taxes they are owed.
- A local municipality in Illinois has challenged the law allowing this tax exemption in court, seeking to collect property taxes from area non-profit organizations. The law was thrown out by a lower court and the court case is now being heard by the Supreme Court.

Impact

- The property tax exemption specifically allows Presence Health to provide greater amounts of community health benefit across all of our ministries through caring for patients who cannot pay and supporting initiatives and organizations working to make our communities healthier.
- Presence Health is projected to have provided over \$220 million in community benefit in 2016. The additional amount that Presence Health would have to pay in taxes if the law is overturned is estimated to be between \$30 and \$50 million.
- It would be extremely difficult for Presence Health to absorb the larger tax burden and continue to provide as much community benefit, especially considering other changes likely to occur at the federal and state government level.
- Presence Health will always continue to accept patients regardless of their ability to pay, but our mission to provide compassionate and exceptional care extends beyond our doors. Any additional tax burden will negatively impact Presence Health's ability to provide holistic care with a spirit of healing and hope in the communities we serve.

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Our Position

- **Protect tax exempt status for hospitals.** Keeping in place the current law would allow Presence Health ministries to continue to provide the service and community benefit to vulnerable populations across the state rely on.
- If the law is overturned by the courts, Presence Health would support Illinois passing a replacement law that would provide tax relief for organizations that provide significant community benefit.