



LEGAL DIVISION
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DATE: October 2, 2019
TO: Diane Wolfe Marlin, Mayor; Carol Mitten, City Administrator.
CC:
FROM: James L. Simon, City Attorney.
RE: OSF Assessment Complaint Filed with Champaign County Board of Review.

The City's outside counsel, Fred Grosser, has advised that OSF Healthcare has filed assessment complaints with the Champaign County Board of Review by which they seek to have the values of 57 of their parcels reduced to zero dollars (\$0) thereby providing no basis on which to collect properties on them. He seeks authority from the City Council to initiate an effort to intervene in that process in order for the City to object to any such reassessment that would allow OSF to avoid paying property taxes to the City and the other local taxing bodies to which it has heretofore been paying taxes. Another purpose for Fred's request is to protect the City's right to participate in additional proceedings on these matters that may include raising objections in a court proceeding. Fred also suggests that time is of the essence for the City to seek intervention.

As you know, the Illinois Department of Revenue (IDOR) granted OSF one or more exemptions for revenue year 2018 without a hearing. The City and Township have requested a hearing before the Department on these 2018 decisions and those proceedings are ongoing.

Presumably, OSF seeks to make permanent IDOR's ruling on the 2018 application before the Department completes the hearing process and has made a final ruling. It remains clearly within the City's interest to dispute OSF's eligibility for a property tax exemption for revenue 2019 because OSF has not demonstrated that any one of those particular properties has been "used exclusively for ... charitable purposes." Ill. Const. 1970, Art. IX, § 6. As you know, the Illinois Supreme Court has construed the "exclusively used for" language found in the Illinois Constitution of 1970 to mean "the primary purpose for which the property is used and not any secondary or incidental purpose." *Oswald v. Hamer*, 2018 IL 122203, ¶ 21; *Methodist Old Peoples Home v. Korzen*, 29 Ill.2d 149, 157 (1968).

There appears no clear procedure by which a property taxing district can reduce the value of one or more parcels of property, regardless by whom owned, down to zero dollars (\$0) in order to avoid property taxation. The process contemplate by the Property Tax Code (35 ILCS 200/1-1 *et seq.*) is that properties, regardless of by whom owned, is assessed in the same manner and, thereafter, the owner applies for any such property tax exemption, including a charitable or a hospital exemption, for which the owner believes its property qualifies. As noted above, the process requires the owner to establish for each parcel for which an exemption is sought that each respective parcel qualifies for the exemption sought. Logic suggests that a taxing authority does not have the power to assess a property at zero (\$0) value unless, separate from any exemption

consideration, that the property truly has no dollar value whatsoever. The logic is simple. There would be no need to create specific property tax exemptions if a taxing authority has the authority to declare a property's value at zero dollars (\$0) thereby making it non-tax generating.

Given the efforts that the City has expended to date regarding the property tax exemption issues raised in The Carle Foundation and OSF disputes and the significant property tax dollars at stake, it makes eminent sense for the City to pursue a course of seeking to intervene or otherwise participate in the process that OSF has initiated.

RESOLUTION NO. 2019-10-040R

**RESOLUTION AUTHORIZING INTERVENTION IN ASSESSMENT COMPLAINT OF
OSF HEALTHCARE SYSTEM**

Whereas OSF Healthcare System has filed assessment complaints with the Champaign County Board of Review asserting that the value of its parcels of real property used as a hospital in the City of Urbana are zero or nearly zero.

Now, Therefore, Be it Resolved by the city council of the City of Urbana, Champaign County, Illinois:

1. The City of Urbana, its officers, employees, attorneys and agents are authorized to take such action as they consider necessary, appropriate or useful to intervene or otherwise participate in the name of the City of Urbana in proceedings before the Champaign County Board of Review, the Illinois Property Tax Appeal Board and the Illinois Department of Revenue on the assessment complaints filed by OSF Healthcare System in the following matters:

<u>Board Of Review Docket Number</u>	<u>Permanent Index Number</u>
2019-001045	91-21-07-403-001
2019-001046	91-21-07-403-002
2019-001047	91-21-07-403-003
2019-001048	91-21-07-403-004
2019-001049	91-21-07-403-005
2019-001050	91-21-07-403-006
2019-001051	91-21-07-403-007
2019-001052	91-21-07-403-008
2019-001053	91-21-07-403-009
2019-001054	91-21-07-404-001
2019-001056	91-21-07-404-002
2019-001057	91-21-07-404-003
2019-001058	91-21-07-404-004
2019-001059	91-21-07-404-005
2019-001060	91-21-07-404-006
2019-001061	91-21-07-404-007
2019-001062	91-21-07-404-008
2019-001063	91-21-07-404-009
2019-001064	91-21-07-404-010
2019-000867	91-21-07-405-008
2019-000884	91-21-07-405-013
2019-001066	91-21-07-408-001
2019-001071	91-21-07-408-002
2019-001072	91-21-07-408-003
2019-001074	91-21-07-408-004
2019-001075	91-21-07-408-005
2019-001076	91-21-07-408-006

<u>Board Of Review Docket Number</u>	<u>Permanent Index Number</u>
2019-001077	91-21-07-408-007
2019-001078	91-21-07-408-008
2019-001082	91-21-07-408-009
2019-001083	91-21-07-408-010
2019-001084	91-21-07-408-011
2019-001085	91-21-07-408-012
2019-001086	91-21-07-409-004
2019-001087	91-21-07-409-005
2019-001088	91-21-07-409-010
2019-001089	91-21-07-409-011
2019-001090	91-21-07-409-012
2019-001091	91-21-07-409-013
2019-001092	91-21-07-409-014
2019-001093	91-21-07-409-015
2019-001094	91-21-07-409-016
2019-001095	91-21-07-409-018
2019-001096	91-21-07-409-019
2019-001097	91-21-07-409-021
2019-001098	91-21-07-409-022
2019-001099	91-21-07-409-023
2019-001100	91-21-07-409-024
2019-001101	91-21-07-413-011

2. This resolution is adopted for the purpose of meeting any requirement for such a resolution which may exist or which may be asserted to exist. The adoption of this resolution does not constitute a determination or acknowledgment by the city council of the City of Urbana that any such requirement exists.

PASSED BY THE CITY COUNCIL this 7th day of October, 2019.

AYES:

NAYS:

ABSTENTIONS:

Charles A. Smyth, City Clerk

APPROVED BY THE MAYOR this ____ day of _____, _____.

Diane Wolfe Marlin, Mayor