

Illinois Non-Profit Hospital Loses Battle for Property Tax Exemption

After a long battle in the lower courts, the Illinois Supreme Court ruled that Provena Covenant Medical Center does not qualify for a property tax exemption. Provena maintains a variety of other exemptions as a non-profit hospital, including exemption from income and sales taxes. However, the Illinois Supreme Court assessed Provena's charitable work and decided that the level of charity care provided did not merit a property tax exemption.

The deeply divided Illinois Supreme Court cited several factors for its decision. Most significantly, according to the Court, the revenues dwarfed the amount of charity care provided. Further, Provena first exhausted all forms of payment and required patients to supply considerable documentation to support the charity care provided. Provena also failed to advertise the availability of its charity care.

The dissenting justices felt the plurality of the court overstepped its role by considering the amount of charity care required to qualify for exemption. These justices thought the legislature could better set the exemption criteria.

What About Wisconsin Non-Profit Hospitals?

Some have expressed concern as to whether Wisconsin assessors will look to the *Provena* decision for guidance regarding Wisconsin non-profit hospitals. However, Illinois and Wisconsin have very different property tax exemption statutes. In Illinois, non-profit hospitals must rely on the general property tax exemption for charitable institutions. By contrast, Wisconsin has a long-standing property tax exemption specifically for hospitals.

How to Move Forward

Non-profit hospitals face increasing amounts of required charity care. Currently, and in the future, the challenge will be how to continue providing charity care while addressing other financial pressures on the health care industry.

Any member of [Reinhart's Property Tax Team](#) can assist you in considering the risks and rewards of providing different levels of charity care in light of the factors considered by the Illinois Supreme Court in *Provena*. The effects of the decision

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will be revealed over time. However, it is not too early to take steps to protect your property tax exemption.

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