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St. Clair County v. Scott Air Force Base Properties, LLC

Appellate Court of Illinois, Fifth District - February 13, 2014 - Not Reported in N.E.3d - 2014 IL App (5th) 120570-U

This case involved a series of agreements under the Military Housing Privatization Initiative (MHPI). Pursuant to those agreements, the Air Force leased a portion of Scott Air Force Base to defendant Scott Air Force Base Properties, LLC (SAFBP), and conveyed title to the improvements on that land to SAFBP by quitclaim deed. The agreements called for the defendant to renovate existing housing units, build additional units, and manage the housing units as rental property, to be leased primarily to military members assigned to Scott Air Force Base. The defendant filed property tax exemption applications based on the federal government's ownership of the underlying ground. The applications were initially denied. However, a final administrative decision by the Illinois Department of Revenue found that the property was tax-exempt.

On administrative review, that decision was reversed by the circuit court of St. Clair County. At issue in those proceedings was whether the defendant's interest in the property constituted a true leasehold or merely a license in the property. Defendant appealed, arguing that the administrative agency correctly determined that it held only a license because the Air Force retained control over the leased property. The appellate court disagreed, affirming the decision of the circuit court reversing the decision of the Department of Revenue.