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Midwest Palliative Hospice and Care Center v. Beard

Appellate Court of Illinois, First District, First Division - February 25, 2019 - N.E.3d - 2019 IL App (1st) 181321 - 2019 WL 938671

Hospice care provider sought judicial review of denial of its application for property tax exemption as to inpatient hospice care pavilion, based on purportedly exclusive charitable use.

The Circuit Court confirmed the denial. Provider appealed.

The Appellate Court held that:

- Department's decision was subject to clearly erroneous standard of review;
- Evidence supported Department's finding of lack of charitable purpose; and
- Prior settlement stipulation by the Department did not require it to find hospice pavilion exempt.

Illinois Department of Revenue's denial of hospice care provider's application for property tax exemption, as to inpatient hospice care pavilion, was subject to clearly erroneous rather than de novo standard of review on appeal; the issue before the Department in its administrative proceeding was whether provider had met its burden of demonstrating that the pavilion was used exclusively for charitable purposes, such that the Department's decision was a fact-intensive question which was not purely legal.

Evidence was sufficient to establish that revenue received by hospice care provider was not devoted to an identifiable charitable need or the general purposes of charity, supporting the Illinois Department of Revenue's denial of application for property tax exemption as to provider's inpatient care pavilion; evidence showed that provider generated ninety-four percent of its revenue from billing patients rather than patients in need of charitable care, that provider was receiving full payment from relevant government programs, that provider's charitable expenses represented less than one percent of its net services revenue, and that provider rendered charitable services for only eight percent of its patients.

Prior settlement stipulation by the Illinois Department of Revenue providing that hospice provider's palliative care center was tax exempt as a charitable institution did not require the Department to also find tax exempt provider's inpatient hospice care pavilion at the same location, despite fact that the two divisions operated under the same financial policies; provider acknowledged that the care center and pavilion were separate, the stipulation provided that it could not be used as evidence of charitable status in other proceedings, and evidence did not show that the hospice pavilion was reasonably necessary for carrying out the palliative care center's mission.