

September 20, 2018

**Statement from A.J. Wilhelmi, President & CEO
Illinois Health and Hospital Association
Re: Illinois Supreme Court Ruling in *Oswald v. Beard***

We are pleased that the Illinois Supreme Court has unanimously upheld the constitutionality of the state's hospital property tax exemption law. [*Oswald v. Beard*](#), 2018 IL 122203 (9-20-18).

Enacted in 2012, the law has accomplished four important goals:

- It has promoted the delivery of healthcare to low-income and underserved individuals.
- It has provided both hospitals and taxing bodies with clarity that was lacking for many years regarding the legal requirements for hospitals to receive property tax exemptions.
- It has ensured that communities receive the “benefit of the bargain” for hospital tax exemptions by requiring that the value of the free healthcare and other charitable activities provided by hospitals exceeds the amount of property tax they would otherwise pay.
- In a time of increased financial stress on hospitals, it has helped ensure that hospitals have the resources to serve their communities.

The *Oswald* case did not involve a hospital or an actual application for exemption or any decision by the Department of Revenue. It was solely about the language of the statute itself. Charitable property tax exemption in Illinois has both a constitutional component and a statutory component.

The *Oswald* plaintiff argued that the statute was unconstitutional because it does not expressly mention the *constitutional* requirements for exemption. The Supreme Court rejected the plaintiff's argument:

“In the case at bar, while [the statute] does not expressly provide that the hospital charitable property tax exemption is limited to applicants that satisfy the constitutional requirement of exclusive charitable use, section 6 of article IX of the Illinois Constitution does say so, and we presume that the legislature intended to comply with this constitutional limitation.”

“In the case at bar, the legislature was certainly aware of section 6 of article IX of the constitution and its requirement of exclusive charitable use, and it intended to enact a constitutional hospital charitable property tax exemption.”

Hospitals across Illinois are at the forefront of an unprecedented transformation in healthcare. For non-profit hospitals, property tax exemption fosters that transformation by permitting them to focus their time, energy, and financial resources on new strategies to better serve all of the residents of our state.

Taxing non-profit hospitals would hurt the communities they serve by diverting dollars that are better used to care for patients and to upgrade equipment, modernize facilities and hire needed staff.

The Illinois Health and Hospital Association was a party in the *Oswald* case and worked closely with the Illinois Department of Revenue and the Illinois Attorney General's Office in defending the constitutionality of the statute. IHA was represented by Steven Pflaum, Tonya Newman, and Collette Brown of [Neal, Gerber & Eisenberg LLP](#).

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About IHA

The Illinois Health and Hospital Association, with offices in Naperville, Springfield, Washington, D.C., and Chicago advocates for Illinois' more than 200 hospitals and nearly 50 health systems as they serve their patients and communities. IHA members provide a broad range of services—not just within their walls, but across the continuum of healthcare and in their communities. Reflecting the diversity of the state, IHA members consist of nonprofit, investor-owned and public hospitals in the following categories: community, safety net, rural, critical access, specialty and teaching hospitals, including academic medical centers. For more information, see www.team-iha.org. Like IHA on [Facebook](#). Follow IHA on [Twitter](#).