



City of Chicago



R2019-687

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	9/18/2019
Sponsor(s):	Taylor (20)
Type:	Resolution
Title:	Call for development of system requiring wealthy nonprofit organizations to make Payments In Lieu Of Taxes (PILOTs) to the City of Chicago
Committee(s) Assignment:	Committee on Finance

RESOLUTION

WHEREAS, certain nonprofit universities and hospitals in Chicago, charitable or educational missions notwithstanding, have substantial incomes and substantial accumulated wealth; and

WHEREAS, the average nonprofit hospital in Chicago provides free charity care in an amount of only 1.9% as a ratio of its revenues, with some hospitals providing charity care of only 0.4% as a ratio of their revenues, according to the most recent data available from the Illinois Health Facilities and Services Review Board; and

WHEREAS, the nonprofit hospital system Northwestern Medicine had revenue in excess of expenses of \$744 million and nonprofit hospital system Ascension, main parent of the joint venture AMITA, had revenue in excess of expenses of \$2.1 billion, in the most recent year for which each system has reported financial results; and

WHEREAS, a 2017 Urban Institute study reviewing consumer credit records showed 16% of individuals in Cook County had medical debt in collections; and

WHEREAS, although poverty has consistently been shown to be a social determinant of poor health, Chicago-area hospitals are major low-wage employers, with a 2018 report from the University of Illinois School of Labor and Employment Relations finding the 55% of hospital service workers in the Chicago region were paid less than \$15 per hour; and

WHEREAS, there is a thirty-year difference in life expectancy between the Gold Coast and Englewood; and

WHEREAS, the published annual tuition of the University of Chicago is \$56,034 according to the National Center for Education Statistics, while the annual median income of households in Chicago is \$55,295 according to the US Census; and

WHEREAS, the published annual tuition of Loyola University Chicago is \$43,078 and the published annual tuition of DePaul University is \$39,010 according to the National Center for Education Statistics; and

WHEREAS, student loan debt levels have increased by over 150% since the Great Recession, becoming the second-largest form of household debt after home mortgage debt, according to Federal Reserve Board data; and

WHEREAS, the universities in addition have at times produced tremendous harms through their academic activities, such as the “Chicago School” of neoliberal economics developed at the University of Chicago; and

WHEREAS, the most recent figures show that Advocate Aurora Health has \$15.8 billion in investments and cash on hand, and the University of Chicago’s endowment is \$7.9 billion; and

WHEREAS, decisions on whether these nonprofits should pay taxes or not are not made by the City of Chicago, but substantially impact City revenues; and

WHEREAS, these nonprofits generally are exempt from sales tax, property tax, and other taxes; and

WHEREAS, nonprofit hospitals that provide very low charity care amounts relative to their revenues generally are exempted from property tax even though the Illinois state constitution says in relevant part a property can be made exempt only if used exclusively for charitable purposes; and

WHEREAS, state law exempts nonprofit hospitals from sales and use taxes if they are exempt from property tax; and

WHEREAS, the resulting foregone revenue to fund city services and Chicago Public Schools runs into the hundreds of millions of dollars; and

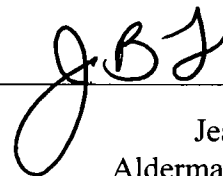
WHEREAS, in the period from 2006 to 2009, when property values and tax rates were both lower, the Cook County Assessor's Office and the Center for Tax and Budget Accountability produced estimates of the foregone property tax from nonprofit hospitals in Cook County that ranged from \$238 million to \$279 million; and

WHEREAS, some other municipalities such as Boston regularly generate estimates of the amount of property tax foregone as a result of nonprofit institutions holding significant real property; and

WHEREAS, nonprofits in Chicago benefit substantially from their location in Chicago and from public services being provided; now, therefore,

BE IT RESOLVED, that the Chicago City Council supports the development of a system by which wealthy nonprofits make Payments In Lieu Of Taxes (PILOTs) to the City of Chicago; and

BE IT FURTHER RESOLVED, that the Chicago City Council calls upon such nonprofits and the mayor's office to negotiate arrangements for PILOTs in good faith and with deliberate speed and as necessary, enact measures to ensure the adequacy of PILOTs in terms of institutional participation and amounts.

A handwritten signature in black ink, appearing to read 'JBT', is written over a horizontal line.

Jeanette Taylor
Alderman, 20th Ward