Patients deserve the best possible healthcare, regardless of their ability to pay.

THE FACTS ABOUT PROPERTY TAXES

For more than 80 years, Carle has stayed true to its core purpose to provide care to all who need it. But for more than a decade, this purpose has been called into question.

Because Carle stands by its lawful property tax exemptions, some say we’re not doing our fair share for the community. The fact is that patients depend on Carle to bring high quality, high value medical care and lifesaving treatments to the region. While the U.S. health system undergoes sweeping changes, and state and federal reimbursement rates decline, patients continue to benefit from a leader in quality and one of the top 10 hospitals in Illinois providing charity care to those in need.

Is one of the most charitable organizations in the community, the second largest employer in the county, and one of the highest quality hospitals in the nation actually a burden? The ultimate answer is important not only for the people in this community, but for everyone, because if charitable hospitals are relied upon to provide free care to ease the burden on government and also mandated to pay taxes, it becomes very difficult for hospitals to sustain.

“It wasn't that we always paid property taxes and now we don't. The local taxing bodies in 2002 denied the property tax exemptions which up to that point had always been granted.”

We are proud to serve the community and believe the people here deserve access to healthcare now and in the future.

WHAT RESIDENTS AND BUSINESSES SHOULD KNOW

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1946-Present

Carle follows the law
serving the community as
tax-exempt organization

As a non-profit providing charitable healthcare to thousands, Carle is exempt from paying property taxes for nearly 60 years.

Read the letter from the IRS declaring Carle tax-exempt »

Why tax-exempt?

For decades, this country has honored the significant role non-profits play in meeting the needs of the most vulnerable. Because they fill the gap between where business leaves off and what the government can provide, non-profits have been exempt from certain taxes, including property taxes. The Carle Foundation is among those charitable organizations and has stayed true to its core purpose of providing care to all who need it, regardless of their ability to pay.

Other tax-exempt organizations include churches, schools and service agencies.

Carle and Urbana partnered 12 years ago

In 2002, Carle and local taxing bodies (City of Urbana, Cunningham Township, Urbana School District No. 116, and Urbana Park District) reached an agreement regarding property taxes. Read the news release »

HIGHLIGHTS

- The taxing bodies agreed to drop opposition to Carle's application for a property tax exemption for a property on Anthony Drive in Urbana
- Carle agreed to pay the taxing bodies a total of $775,000 in community service grants
- The taxing bodies agreed not to challenge the tax-exempt status of Carle or any of its tax-exempt properties
- The taxing bodies' violation of this agreement in 2002 is why Carle is in litigation with them to this day
Local officials ignore the law denying Carle’s longstanding property tax exemptions

In 2004, without warning, local taxing body officials denied property tax exemptions on certain historically exempt Carle properties, despite the charity given to so many. Carle paid the property taxes under protest and filed a lawsuit to defend and preserve the healthcare resources for this community.

Paying under protest

When taxes are paid under protest, that money is legally to be held in escrow, and in this instance, it was not to be spent until the rules were clear or the litigation resolved.

Urbana School District and Urbana Park District held their share of Carle’s tax payments in escrow, and did not use the funds for regular business. Carle and the Urbana School and Park Districts have since reached an agreement that allows these taxing bodies to retain a portion of the taxes paid.

2007: The Carle Foundation filed suit to restore its property tax exemptions for four properties.

2013: Carle files similar suit for 29 additional formerly exempt properties, asking the court to determine that Carle is entitled to property tax exemptions, and that its prior exemptions were improperly terminated, for all of the properties and tax years in question.

October 2013: A Champaign County circuit judge issued a ruling determining that the non-profit hospital property tax exemption law applies to Carle’s pending exemption claims for 2004 through 2011.

May 2014: The judge granted Carle’s motion for summary judgment on this ruling – a step toward preserving Carle’s longstanding tax exemptions.

$20.8 million PAID IN PROTEST, LEGALLY NOT TO BE SPENT BY THE TAXING BODIES
The Illinois General Assembly passed a law in 2012 establishing clear, objective criteria for tax exemption for all hospitals in Illinois: that a non-profit hospital must provide more charity care than it would pay in property taxes each year. Charity care is measured at cost - it cannot be reported differently or inflated. The law says any hospital easing that significant burden for the government doesn’t also have to pay property taxes.

The 2012 law did not change Carle’s non-profit status or the status of any other non-profit in Illinois. It did not grant new tax exempt status to Carle or any other hospital. It simply defined the criteria for continuing to earn property tax exemptions for all hospitals in Illinois.

Carle consistently exceeds state criteria to qualify

Carle provides tens of millions in free care to thousands of people every year because the need in this community is so great. In 2012, Carle provided $35 million in charity care - this is more than four times greater than Carle would pay in property taxes, and the number continues to grow.

**CHARITY CARE 2006-2012 (IN MILLIONS)**

Charity care is reported AT COST. This means it cannot be inflated. It does NOT include bad debt or unreimbursed costs of Medicare or Medicaid.

**IN URBANA ALONE**

more than 4,000 people, or 10 percent of the population, couldn’t afford the healthcare they needed and received more than $5 million in charity care at cost from Carle in 2012.

This amount is more than the value of Carle’s local property tax exemptions - so claiming that Urbana pays for the charity care for people outside Urbana doesn’t hold up. In fact, Urbana’s economy benefits from Carle.»
Charity care is just a portion of the community benefit Carle provides.

Carle annually files a report of its community benefit plan with the Illinois Attorney General’s office, as required by Section 20(c) of Public Act 093-0480. Read our community benefit report »

In addition to charity care, community benefit also includes bad debt, unreimbursed costs of Medicare and Medicaid, health services, donations and support for community health programs.
In March 2013, the Illinois Department of Revenue and the Champaign County Board of Review issued property tax exemptions to Carle for the year 2012 according to the new non-profit hospital property tax exemption law.

In October 2013, a Champaign County circuit judge ruled that this law applies to Carle’s pending exemption claims for 2004-2011. On May 27, 2014, the judge granted Carle’s motion for summary judgment on this ruling – a step toward preserving Carle’s longstanding tax exemptions.

While this ruling would allow the property taxes paid in protest to be returned to Carle, we are working with taxing bodies because we believe in this community and understand that resources are needed.

In 2013, we reached a settlement with the Urbana School and Park Districts that allows the taxing bodies to retain a portion of the taxes paid under protest for tax years 2004-2011.

Residents could avoid property tax increases due to Carle if the City of Urbana would agree to a similar settlement. Carle has offered a settlement to the city that would eliminate their $329,837 shortfall as a result of Carle receiving additional exemptions on a handful of properties in Urbana. If the mayor agrees to the settlement, residents in Urbana could be protected from property tax increases due to Carle’s tax-exempt status for more than six years and let the city address ongoing structural deficits caused by other spending and revenue challenges.

It is in the taxpayers’ best interest for the City government to consider a settlement to add millions to its coffers, especially when the law clearly says the city isn’t entitled to that money currently in escrow. Read the questions Urbana officials should answer »
It comes down to one thing: patients' access to healthcare resources.

In today's healthcare environment, many Illinois hospitals are facing closure. Carle is committed to making tough choices and planning for the future so patients can have access to the services they need.

If residents want lifesaving treatments available for themselves and their loved ones, they should advocate for the city to work with Carle on solving these challenges.