



City of Chicago
Rahm Emanuel, Mayor

Department of Law

Stephen R. Patton
Corporation Counsel

Revenue Litigation Division
30 North LaSalle Street
Suite 1020
Chicago, Illinois 60602-2580
(312) 744-5691
(312) 744-6798 (FAX)
<http://www.cityofchicago.org>

September 25, 2012

██████████
Senior Manager
Ernst & Young LLP
155 North Wacker Drive
Chicago, IL 60606

Re: Parking Tax
Chicago Municipal Code Chapter 4-236

Dear ██████:

I am writing in response to your letter of July 18, 2012 (copy attached), addressed to Mike Luzzi of the Chicago Department of Finance. Based on the facts set forth in your letter, we agree that the parking described in your Ruling Request Numbers 1 - 4 will be accepted as qualifying for the parking tax exemption set forth in Chicago Municipal Code Section 4-23-020(g), which concerns parking by hospital employees.

This is a Private Letter Ruling issued pursuant to Uniform Revenue Procedures Ruling #3. Please let us know if you have any questions.

Very truly yours,

Weston Hanscom
Deputy Corporation Counsel
Revenue Litigation Division
Department of Law
312-744-9077

cc: Mike Luzzi, Rommel Pitchan, Department of Finance
Kim Cook, Department of Law





Ernst & Young LLP
155 North Wacker Drive
Chicago, Illinois 60606-1787
Tel: (312) 879-2000
Fax: (312) 879-4000
www.ey.com

July 18, 2012

Mr. Mike Luzzi
Deputy Director
City of Chicago Department of Revenue
333 South State Street, Room 300
Chicago, Illinois 60604

RE: [REDACTED]
Request for Private Letter Ruling
Parking Lot and Garage Operations Tax

Dear Mr. Luzzi:

On behalf of our client, [REDACTED], Ernst & Young LLP ("EY") respectfully requests a private letter ruling ("PLR") regarding the applicability of the Chicago Parking Lot and Garage Operations Tax ("Parking Tax") to the facts indicated below as authorized by Uniform Revenue Procedures Ruling #3. Attached is the required power of attorney. To the best of [REDACTED]'s knowledge and belief, [REDACTED] is not under audit or investigation by the City of Chicago. We are unable to find case law or rules that are dispositive of the issue. However, on [REDACTED] the City of Chicago Department of Law issued a Private Letter Ruling to [REDACTED] that addressed a similar Parking Tax matter (see attached).

FACTS

[REDACTED] is the sole owner and operator of a new parking garage ("Parking Garage") located at [REDACTED], Chicago, Illinois that opened [REDACTED]. As part of the amendment of Institutional Planned Development Number [REDACTED] relating to the construction of the [REDACTED] by [REDACTED], the City of Chicago required the addition of the Parking Garage. [REDACTED] encompasses a large university/medical/hospital campus in the [REDACTED] neighborhood of Chicago. The campus is anchored by [REDACTED] and the [REDACTED].

The Parking Garage has [REDACTED] parking spaces. Consistent with the requirements of [REDACTED] the Parking Garage will be occupied only by parties associated with the institutions located within [REDACTED] other than patients or their visitors. Specifically, [REDACTED] is not planning to operate the Parking Garage as an open, public parking facility. Rather, for the foreseeable future, [REDACTED] is allocating [REDACTED] parking spaces for its employees (hospital employees). Additionally, [REDACTED] has



entered into long-term Parking Space License Agreements ("Parking Agreements") with three third-party entities (for the sole use of their faculty and staff) for the remaining spaces in the Parking Garage as follows:

1. [REDACTED] a hospital [REDACTED] spaces
2. [REDACTED] a hospital [REDACTED] spaces
3. [REDACTED] a university [REDACTED] spaces

The Parking Agreements (see attached standard agreement for [REDACTED]) are for an initial term of [REDACTED] years and call for the monthly payment of license fees (no daily cash payments) for the allocated spaces. Access to the Parking Facility will be controlled by AVI transponders or identification badges.

As referenced above, each of the [REDACTED] and [REDACTED] operates [REDACTED] on the campus and each [REDACTED] has a significant [REDACTED] relationship with [REDACTED] through [REDACTED]. In particular, with respect to [REDACTED] the owner of the Parking Garage, in order to be on the medical staff of [REDACTED] a physician must be a member of the faculty [REDACTED] and [REDACTED] has agreed to provide adequate faculty for the medical staff requirements of [REDACTED]. In addition, all research that occurs at [REDACTED] and benefits the patients of [REDACTED] is sponsored by [REDACTED] and supported by the facilities and staff of [REDACTED] both within [REDACTED] and in other [REDACTED] schools. Finally, residents, fellows and other medical professionals who see patients at [REDACTED] are participants in the graduate medical education programs of [REDACTED] and taught by the faculty of [REDACTED]. The faculty - physicians and researchers alike - are supported by the staff of [REDACTED]. Faculty and staff of [REDACTED] are referred to herein as [REDACTED]."

RULINGS REQUESTED

[REDACTED] respectfully requests the issuance of the following rulings:

1. With regard to [REDACTED] employees' use of the Parking Garage (and any payments received for such use), neither [REDACTED] nor its employees are obligated to collect or remit the Parking Tax as provided in Chicago Municipal Code Section 4-236-020(g) (providing an exemption for hospital employees).
2. With regard to the [REDACTED] employees' use of the Parking Garage, [REDACTED] is not obligated to collect or otherwise remit Parking Tax on payments received under the applicable Parking Agreement, as provided in Chicago Municipal Code Section 4-236-020(g) (providing an exemption for hospital employees).
3. With regard to the [REDACTED] employees' use of the Parking Garage, [REDACTED] is not obligated to collect or otherwise remit Parking Tax on payments received under the applicable Parking Agreement, as provided in Chicago Municipal Code Section 4-236-020(g) (providing an exemption for hospital employees).
4. With regard to [REDACTED] use of the Parking Garage, [REDACTED] is not obligated to collect or otherwise remit Parking Tax on the pro-rata portion of payments received



under the applicable Parking Agreement for those parking spaces utilized by [REDACTED] (as that term is defined above).

APPLICABLE AUTHORITY

Chicago Municipal Code, Chapter 4-236

Private Letter Ruling, [REDACTED] - Parking Tax, [REDACTED]

CONTRARY AUTHORITY

We were unable to locate authority contrary to [REDACTED] views.

DISCUSSION IN SUPPORT OF REQUESTED RULINGS

Pursuant to chapter 4-236 of the Chicago Municipal Code, the Parking Tax is imposed upon the use and privilege of parking a motor vehicle in or upon any parking lot or garage in the City of Chicago. Under Section 4-236-020(g), hospitals are exempt from the collection of any Parking Tax from their employees (the "Hospital Employee Exemption").

Ruling Request #1 - [REDACTED] Employee Parking

The plain reading of the exemption provision provides clear support for the issuance of the first ruling requested above (#1). [REDACTED] is a hospital, is the owner and operator of the Parking Garage, and is providing for the use of parking spaces for its hospital employees. The Hospital Employee Exemption clearly applies to [REDACTED] facts involving its employees. Accordingly, neither [REDACTED] nor its employees is obligated to collect and/or remit the Parking Tax on its allocated spaces.

Ruling Requests #2 and #3 - [REDACTED] Employee Parking

On [REDACTED], [REDACTED] submitted a PLR request to the City of Chicago regarding this scenario (same Parking Garage and Parking Agreement) seeking confirmation, even though [REDACTED] owned and operated the Parking Garage, "no City of Chicago parking tax will be applied to the monthly leasing of these parking spaces to [REDACTED] employees." In response, on [REDACTED], the Department of Law issued a PLR and found that the "intent" of the Hospital Employee Exemption is "served by its application to" [REDACTED]'s circumstances. The Department of Law, thus, concluded that "[a]lthough the [Parking Garage] is owned by [REDACTED] alone, it is our opinion that the plans you describe are in keeping with the intent of the exemption." The Department of Law cautioned that the "ruling concerns only the plans of [REDACTED] [as described in its request letter and] does not address the plans of any other medical institutions.

The Facts pertaining to Ruling Requests #2 and #3 (as indicated above) closely parallel [REDACTED]'s facts provided and discussed in the [REDACTED] PLR issued to [REDACTED] (1) [REDACTED] is the owner and operator of the Parking Garage; (2) [REDACTED] has entered into separate long-term Parking Agreements with two hospitals, [REDACTED] and [REDACTED], providing them with [REDACTED] parking



spaces, respectively; (3) [REDACTED] will collect monthly parking license fees from the hospitals; (4) the parking space allotments are for the sole use of the hospitals' employees; and (5) the Parking Garage will not be open to the public. Additionally, [REDACTED] will enter into a substantially similar Parking Agreement (for [REDACTED] parking spaces) with an educational institution for the sole use of its employees.

The facts of the [REDACTED] parking arrangements with [REDACTED] and [REDACTED] hospitals (providing for parking for their employees), which are substantially similar to the facts (parking arrangement) contained in the [REDACTED] PLR, support (1) support a finding that the "intent" of the Hospital Employee Exemption is "served by its application to" [REDACTED]'s arrangements with the hospitals; and (2) support the issuance of the second and third (#2 and #3) rulings requested above, i.e., that [REDACTED] is not obligated to collect or otherwise remit Parking Tax on payments received under the applicable Parking Agreement with [REDACTED] or [REDACTED]. The existence of a separate Parking Agreement with an educational institution should not affect [REDACTED]'s Parking Tax obligations with regard to [REDACTED] and [REDACTED]. The Hospital Employee Exemption focuses on the applicability to hospital employees and does not contain additional qualifications for applicability of the exemption or limitations on other uses for a parking garage or lot.

Ruling Request #4 - [REDACTED] Parking

The Hospital Employee Exemption was passed to exempt the imposition of the Parking Tax on hospital employees, presumably with the intent not to further burden the high cost of hospital-based healthcare in the City of Chicago. Surely, such intent extended to workers required to perform services at the hospital who are employed by tax exempt organizations with compatible missions. It may not be appropriate to extend the Hospital Employee Exemption to all doctors, nurses and other medical professionals that occasionally work at a hospital. However, when such professionals (e.g., [REDACTED]) work primarily at hospital locations, their employers partner closely with the hospital to provide significant medical care and research services to and for the benefit of hospital patients and the employer is physically integrated into the same complex or campus as the hospital, then extension of the Hospital Employee Exemption appears to serve the intent of the exemption provision and the use of parking spaces by [REDACTED] should not be subject to the Parking Tax.

If you have any questions regarding this request, please contact me at [REDACTED]

Sincerely,

Senior Manager

Enclosures