

ST 18-02

Tax Type: Sales Tax

Tax Issue: Exemption from Tax (charitable or other exempt types)

**STATE OF ILLINOIS
DEPARTMENT OF REVENUE
OFFICE OF ADMINISTRATIVE HEARINGS
SPRINGFIELD, ILLINOIS**

**THE DEPARTMENT OF REVENUE
OF THE STATE OF ILLINOIS**

v.

**ABC FOUNDATION, INC.
Taxpayer**

**Docket No. XX-ST-XXX
Letter ID: XXXXXXXXXXXX
Claim for Exemption Number**

RECOMMENDATION FOR DISPOSITION

Appearances: Robin Gill, Special Assistant Attorney General, for the Department of Revenue of the State of Illinois; John R. Simpson of Sorling Northrup for ABC FOUNDATION, INC.

Synopsis:

ABC FOUNDATION, INC. (“taxpayer”) sent a request to the Department of Revenue (“Department”) for an exemption identification number in order to purchase tangible personal property at retail free from the imposition of retailers’ occupation and use taxes. The Department denied the request, and the taxpayer timely protested the denial. An evidentiary hearing was held during which the issue presented was whether the taxpayer is organized and operated exclusively for charitable or educational purposes under section 3-5(4) of the Use Tax Act (35 ILCS 105/3-5(4)) and section 2-5(11) of the

Retailers' Occupation Tax Act (35 ILCS 120/2-5(11)). The taxpayer provides regional and national competitions for high school students who are taking automotive classes. The Department contends that the taxpayer is not organized and operated exclusively for charitable or educational purposes. After reviewing the record, it is recommended that this matter be resolved in favor of the Department.

FINDINGS OF FACT:

1. The taxpayer is an Illinois not-for-profit corporation that was organized on XXXX XX, XXXX. (Taxpayer Ex. #1)

2. According to the taxpayer's articles of incorporation, its purposes are as follows:

The purposes for which the Corporation is organized are exclusively charitable and educational, within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future United States Internal Revenue law) (the "Code"), including, without limitation (a) to engage in and promote charitable and educational activities for youth as permitted under Section 501(c)(3) of the Code; and (b) to provide scholarships for youth as permitted under Section 501(c)(3) of the Code. (Taxpayer Ex. #1, p. 2)

3. The taxpayer's Mission Statement is the following:

ABC FOUNDATION is a non-profit 501(c)(3) and S.T.E.M. (Science, Technology, Engineering & Math) Educational program, whose mission is to develop the future of today's youth for the aftermarket racing, performance and automotive accessory industry. (Taxpayer Ex. #7, #13 p. 6)

4. The "overall goals of [the taxpayer's] S.T.E.M. program are to provide students with the 21st century S.T.E.M.-enriched technological skills and knowledge necessary to succeed in the automotive postsecondary education and in the world of automotive work." (Taxpayer Ex. #15 p. 2)

5. The reason the taxpayer was founded is because high school automotive departments are slowly dwindling. The taxpayer created a competition in order to encourage students to take automotive classes and become involved in the auto racing performance industry. (Tr. pp. 9-10; Taxpayer Ex. #12, p. 2)
6. The first and most important purpose of the taxpayer's event "is the future development of today's youth for the race and performance industry." (Taxpayer Ex. #35, p. 1)
7. The taxpayer's Objective is the following:

To provide national events which gives [sic] students an opportunity to showcase their talents and knowledge gained during classroom sessions and workshops. It provides opportunities for students to develop and build teamwork, demonstrate their skills, enthusiasm, and ingenuity, build their confidence and commitment to excellence. (Taxpayer Ex. #7)

8. The taxpayer indicated that its Goals are as follows:

Our goal is to raise funds for "cash scholarships" along with additional 501(c)(3) foundations and our *college* and *industry* partners. To provide opportunities for the ABC FOUNDATION *students* to further their education, along with internships and mentorships while providing opportunities for High School *instructors* to grow enthusiasm in their auto tech programs. ABC FOUNDATION represents opportunities to promote the performance aftermarket as a whole to the general public in a new and exciting way, and to grow the future base of performance enthusiasts for the Performance aftermarket industry and the supporting brands. (Emphasis in original; Taxpayer Ex. #7)

9. The taxpayer also has the following additional goals:

- To help the automotive educator provide and grow enthusiasm in their school's programs and increase their class size;
- To build the student's self-esteem, confidence and teamwork skills;
- For students to gain a deeper understanding of the skills and knowledge incorporated within the automotive industry;

- For students to benefit from the specialized, competition-based event which develops critical-thinking, problem-solving, and decision-making skills, preparing them for the 21st century world;
- For students to acquire greater communication skills;
- For students to develop workplace readiness skills;
- For students to receive opportunities to earn industry accolades preparing them to be more competitive in the work force;
- For students to benefit from the opportunities with scholarships, internships, mentorships, job shadowing, and cooperative education, which provide students with advantages when entering postsecondary education and/or the workplace. (Taxpayer Ex. #13, p. 7)

10. The taxpayer's founder and president has worked in the automotive industry since 1970. (Tr. p. 11)

11. The taxpayer's competition requires teams of students to completely disassemble and then re-assemble a "Chevy 350" v-8 engine in the fastest amount of time. (Taxpayer Ex. #12)

12. Each team consists of 5 students from any grade level 9 through 12. Some teams also have alternates. (Tr. p. 44; Taxpayer Ex. #19)

13. High schools from all over the country are allowed to participate in the taxpayer's competition. Of the high schools that participate, each school will generally have one, two, or three teams. The individual schools set the standards and guidelines for participation. (Taxpayer Ex. #12, #13, #16, #17, #35)

14. Each team has a high school automotive instructor who communicates with the taxpayer on behalf of the team. The instructors are the ones who put the teams together. (Taxpayer Ex. #27; Tr. pp. 18, 26-27)

15. As an example, XYZ HIGH SCHOOL in EVERYWHERE, Illinois generally has 125 students in its automotive program. During 2016 it had 10 students who participated in the taxpayer's competition. (Tr. pp. 43, 57)
16. At XYZ HIGH SCHOOL, some of the other students assisted the teams in their preparation by keeping track of the time or challenging their re-assembly process. (Tr. pp. 58-59)
17. The taxpayer allows the teams to compete for free. (Taxpayer Ex. #12)
18. The teams must first qualify at a "qualifying event." To do this, the team must tear down and rebuild the engine in 34 minutes or less. (Taxpayer Ex. #12)
19. During 2017, the taxpayer had "qualifying events" at 14 different locations throughout the country. (Taxpayer's Ex. #13, p. 3)
20. After qualifying, the teams go to the National Championship. Starting in 2014, the taxpayer has had dual National Championships, and then the top four teams from each championship face off. (Taxpayer Ex. #12, #13 pp. 3, 12)
21. During 2017, each of 5 schools offered scholarships to every student who participated at the Dual National Championships. The five schools are the following: (1) School of Automotive Machinists; (2) Ohio Technical College; (3) Universal Technical Institute; (4) University of Northwestern Ohio; and (5) Northwood University. (Taxpayer Ex. #12, p. 2; #13, p. 2)
22. Each student who participates at a National Championship receives a minimum of a \$5,000 scholarship offer from each college in order to continue their automotive education. The scholarship offer increases depending on how well the student's team performs. All first place team members receive a \$10,000 scholarship offer

- from each college. All scholarship monies must be used for tuition only.
(Taxpayer Ex. #12, #19)
23. If a team has an alternate present, that student is also offered the scholarship monies. Students are allowed to roll over and accrue scholarships if he or she is not a graduating student. The maximum accrual per student is \$25,000, and the scholarships expire 2 years after the student's high school graduation date.
(Taxpayer Ex. #19)
24. Starting in 2017, the JOHN JAMES scholarship program will issue up to ten \$2,500 tuition scholarships for winners to use at the college/trade schools of their choice. To be eligible for this scholarship, an applicant must:
- Obtain a written sponsorship from a ABC FOUNDATION team instructor
 - Send a letter stating his or her circumstances
 - Be in high school at the time of request
 - Be pursuing a career in the automotive aftermarket industry. (Taxpayer Ex. #33, p. 2)
25. The JOHN JAMES scholarship program was established "to help ensure the future success of the automotive aftermarket industry." The scholarship "is intended to help fund the education of the most qualified students that are seeking to establish a successful career in the automotive aftermarket." The scholarship award is to be applied toward tuition only. (Taxpayer Ex. #33, p. 2)
26. In 2016, the taxpayer had 215 students participating in the Dual National Championships. (Taxpayer Ex. #12, p. 2)
27. The location for all the competitions is either at a school or an automotive car show. (Tr. p. 35)

28. The Dual National Championships are held at automotive car shows. One of them is in Las Vegas and is sponsored by the Specialty Equipment Members Association (SEMA)¹. The other one is in Indianapolis and is sponsored by the Performance Racing Industry (PRI). (Taxpayer Ex. #13, 31; Tr. pp. 32, 34)
29. The taxpayer provides the transportation, food, and lodging for the more than 50 volunteers who help at the events as well as food and lodging for the more than 200 students who participate in the Dual Championship events in Las Vegas and Indianapolis. (Taxpayer Ex. #12, p. 2)
30. All of the administrative and judging staff are volunteers. (Taxpayer Ex. #12)
31. The taxpayer provides each student with a rule book, and it provides the engines at the competition. (Taxpayer Ex. #25; Tr. p. 45)
32. Depending on how a school wants to handle its program, some students train for the competition during school time and some outside of school time. Some schools train the students after school and on weekends. Others will try to work it into the classroom study or do it during the free period. (Tr. pp. 49-50; Taxpayer Ex. #36)
33. At XYZ HIGH SCHOOL in EVERYWHERE, Illinois, the automotive instructor trains his students after school and on weekends. (Tr. p. 49)
34. Some students will spend up to 600 hours training for the competition. (Taxpayer Ex. #36; Tr. p. 50)
35. The Illinois State Board of Education has provided a list of approved courses relating to automotive technology. One of the courses (“Automotive Technician

¹ SEMA is a membership association that serves “the Motor Vehicle Aftermarket.” (Taxpayer Ex. #13, p. 19; Tr. p. 34)

I”) teaches the skills needed to participate in the taxpayer’s competition.
 (Taxpayer Ex. #6, pp. 20-30; Tr. pp. 50-56)

36. High school automotive classes are elective and are not required to graduate from high school. (Tr. p. 74)

37. Sponsors give money to sponsor the high school teams and support the taxpayer’s program. The sponsors are primarily in the automotive business. The sponsorship levels range from \$2,000 to \$20,000. The sponsor signs a contract that sets forth all the places where the taxpayer will advertise the sponsor’s business. (Tr. p. 20; Taxpayer Ex. #12, #13, p. 15, #18)

38. The taxpayer’s federal Form 990-EZ for the year 2015 shows the following as revenue and expenses:

<u>Revenue:</u>	
Contributions, gifts, grants, and similar amounts received	\$ 0
Program service revenue (including government fees and contracts)	XXXXX
Total Revenue	XXXXX
<u>Expenses:</u>	
Professional fees and other payments to ind. contractors	XXX
Office	XXX
Conferences/Meetings	XXX
Insurance	XXXX
Operating Supplies	XXXXX
Repairs	XXXX
Fuel/Oil	XXXX
License/Fees	XXXX
Other Vehicle Expense	XXXX
Student Travel Expense	XXXXX
Promotion	XXXX
Non-investment Depreciation	XXX
Other Operating Expense	XX
Total Expenses	XXXXXX
Excess for the year	XXXX
(Taxpayer Ex. #8 pp. 4, 16)	

39. The taxpayer is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code pursuant to a determination made by the IRS on October 14, 2015. (Taxpayer Ex. #10)

40. The taxpayer has no capital, capital stock, or shareholders. (Taxpayer Ex. #1)

CONCLUSIONS OF LAW:

The Use Tax Act (“Act”) (35 ILCS 105/1 *et seq.*) imposes a tax upon the privilege of using in Illinois tangible personal property purchased at retail from a retailer. 35 ILCS 105/3. Section 3-5(4) of the Act provides a list of tangible personal property that is exempt from the tax, and includes the following:

Personal property purchased by a governmental body, by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes On and after July 1, 1987, however, no entity otherwise eligible for this exemption shall make tax-free purchases unless it has an active exemption identification number issued by the Department. 35 ILCS 105/3-5(4).

Section 2-5(11) of the Retailers’ Occupation Tax Act (“ROTA”) (35 ILCS 120/1 *et seq.*) contains a similar provision for personal property sold to these organizations. See 35 ILCS 120/2-5(11). Therefore, in order to receive the exemption identification number, the taxpayer must be “organized and operated” exclusively for charitable or educational purposes. See also 86 Ill. Admin. Code §130.2005(j)(3). The term “exclusively” is not interpreted literally to mean the entity’s sole purpose; it is construed to mean the primary purpose. Yale Club of Chicago v. Department of Revenue, 214 Ill. App. 3d 468, 473 (1st Dist. 1991); Gas Research Institute v. Department of Revenue, 154 Ill. App. 3d 430, 436 (1st Dist. 1987).

The taxpayer has the burden of proving by clear and convincing evidence that it is entitled to the exemption. Rogy's New Generation, Inc. v. Department of Revenue, 318 Ill. App. 3d 765, 771 (1st Dist. 2000); Gas Research Institute, supra. It is well-settled that tax exemption provisions are strictly construed in favor of taxation. *Id.*; Heller v. Fergus Ford, Inc., 59 Ill. 2d 576, 579 (1975). All facts are construed and all doubts are resolved in favor of taxation. *Id.* To prove its case, a taxpayer must present more than its testimony denying the Department's determination. Sprague v. Johnson, 195 Ill. App. 3d 798, 804 (4th Dist. 1990); Balla v. Department of Revenue, 96 Ill. App. 3d 293, 296 (1st Dist. 1981). The taxpayer must present sufficient documentary evidence to support its claim. *Id.*

Educational Exemption

In order to determine whether the taxpayer is organized and operated exclusively for educational purposes, section 2c of the Act provides, in part, as follows:

For purposes of this Act, a corporation, limited liability company, society, association, foundation or institution organized and operated exclusively for educational purposes shall include: all tax-supported public schools; private schools which offer systematic instruction in useful branches of learning by methods common to public schools and which compare favorably in their scope and intensity with the course of study presented in tax-supported schools; 35 ILCS 105/2c.

The phrase "educational purposes" is construed as meaning "school purposes" as that phrase has been interpreted by the Supreme Court. 86 Ill. Admin. Code §130.2005(1); Rogy's New Generation, Inc., at 772. According to the Supreme Court, in order for an institution to operate for school purposes, two things are necessary: (1) a course of study that fits into the general scheme of education founded by the State and supported by public taxation, and (2) a course of study that substantially lessens what would otherwise

be a governmental function and obligation. Coyne Electrical School v. Paschen, 12 Ill. 2d 387, 392-93 (1957). In Coyne Electrical, the Supreme Court denied a property tax exemption to an organization that provided courses of study relating to electricity, radio, radar and electronics because the organization did not meet this two-part test.

In the present case, the taxpayer does not meet these two requirements that the courts have found to be necessary for an educational purposes exemption. See Rogy's New Generation, *supra*. Most importantly, the taxpayer does not offer "a course of study." The taxpayer offers a competition. The competition requires a team of 5 high school students to disassemble and then re-assemble an engine in the fastest amount of time. The taxpayer gives the students a rule book, but any learning or preparation for the competition requires instruction from the student's high school automotive department and practice on the part of the student. Each team must have a high school instructor who puts the team together and communicates with the taxpayer regarding the competition. Other than supplying a rule book, the taxpayer does not provide any type of instruction for the students. The instruction that the student receives is from his or her high school automotive teacher.

During the hearing, the taxpayer explained the educational benefits that it contends that the students receive by participating in the competition. The automotive teacher at XYZ HIGH SCHOOL indicated that the "number one skill is the teamwork piece of it." (Tr. p. 46) The taxpayer believes that one of the biggest educational aspects is learning how to work together as a team. (Tr. p. 27) The students also benefit by building relationships with other students. In addition, the teacher indicated that the engine used at the competition is also used in his school, so the competition supports

what the students are learning in the classroom. (Tr. p. 47) The taxpayer's president and founder stated that "the program is intended to help students in life." (Tr. p. 32).

The taxpayer's activities may be educational in a very broad sense, but nothing in the record supports a finding that the taxpayer has a course of study that (1) fits into the general scheme of education founded by the State and supported by public taxation, and (2) substantially lessens what would otherwise be a governmental function and obligation. The taxpayer provides a competition for high school students to implement what they learn from their high school automotive courses. The taxpayer does not provide any course of study that teaches the students the knowledge and skills necessary to compete in the competition. The reason the taxpayer was organized was to increase the number of students who enroll in high school automotive classes. Members of the automotive industry were concerned with the dwindling enrollment in high school automotive classes, and they are trying to change that by coordinating the yearly competition. The taxpayer's Objective is to give students "an opportunity to showcase their talents and knowledge gained during classroom sessions and workshops," (Taxpayer Ex. #7), but nothing in the record indicates that the taxpayer offers this type of instruction. The taxpayer only offers a competition, which may have some educational components, but it does not meet the two requirements necessary for the exemption. Because the taxpayer has not shown clearly and convincingly that it meets the requirements for the educational purposes exemption, the taxpayer's request for an exemption identification number must be denied.

Charitable Exemption

In order to determine whether the taxpayer is organized and operated exclusively for charitable purposes, the following factors are considered: (1) whether the benefits derived are for an indefinite number of people, persuading them to an educational or religious conviction, for their general welfare or in some way reducing the burdens of government; (2) whether the organization has no capital, capital stock or shareholders, earns no profits or dividends, but rather derives its funds mainly from public and private charity and holds them in trust for the objects and purposes expressed in its charter; (3) whether the organization dispenses charity to all who need and apply for it; (4) whether the organization does not provide gain or profit in a private sense to any person connected with it; (5) whether the organization does not appear to place obstacles of any character in the way of those who need and would avail themselves of the charitable benefits it dispenses; and (6) whether the organization is actually and factually operated primarily for charitable purposes. Wyndemere Retirement Community v. Department of Revenue, 274 Ill. App. 3d 455, 459 (2nd Dist. 1995) (citing Methodist Old Peoples Home v. Korzen, 39 Ill. 2d 139, 156-57 (1968)). These factors are balanced with an overall focus on whether and how the organization serves the public interest and lessens the State's burden. Du Page County Board of Review v. Joint Commission on Accreditation of Healthcare Organizations, 274 Ill. App. 3d 461, 466 (2nd Dist. 1995). Whether an institution has been organized and is operating exclusively for an exempt purpose is determined from its charter, bylaws and the actual facts relating to its method of operation. *Id.*

The evidence presented by the taxpayer does not show clearly and convincingly that it is organized and operated exclusively for charitable purposes under the guidelines

of Methodist Old Peoples Home, *supra*. The first guideline has not been met because the taxpayer does not benefit an indefinite number of people. In Gas Research Institute, *supra*, the court denied a charitable sales tax exemption to the taxpayer on the sole basis that the taxpayer did not directly benefit the general public. The taxpayer in that case had a stated purpose of “funding, encouraging and conducting research and development of natural gas resources and uses.” *Id.* at 432. The taxpayer was organized by members of the natural gas industry and was overseen and operated by members of the industry. The court found that its primary purpose was to enhance the position of natural gas in the energy marketplace, and any indirect benefit to the general public was essentially incidental. Gas Research Institute, at 436-437.

In the present case, the taxpayer’s primary purpose is to encourage high school students to become involved in the automotive/racing industry. The taxpayer’s mission is “to develop the future of today’s youth for the aftermarket racing, performance and automotive accessory industry.” (Taxpayer Ex. #7, #13 p. 6) The taxpayer’s founder testified that the taxpayer was created because high school automotive departments are dwindling, and he and his friends wanted to “fix that problem.” (Tr. p. 10) The taxpayer’s founder has been involved in the automotive industry since 1970, and the taxpayer’s sponsors are primarily businesses in the industry. The first and most important purpose of the taxpayer’s event “is the future development of today’s youth for the race and performance industry.” (Taxpayer Ex. #35, p. 1) The taxpayer’s written objective and goals also indicate that the taxpayer’s primary purpose is to foster interest in automotive classes in order to encourage involvement in the automotive industry. The

taxpayer's primary beneficiaries, therefore, are a limited number of automotive high school students, and the automotive industry is an indirect beneficiary.

The Department's regulation provides further guidance regarding the first factor and states, in relevant part, as follows:

The Supreme Court has stated that a charitable purpose may refer to almost anything which promotes the well-being of society and which is not forbidden by law; but to qualify as a charity, the purchaser must be organized and operated to benefit an indefinite number of the public. There may be restrictions on the group to be benefited (such as an organization for women, for children, for the aged, etc.), but the service rendered to those eligible for benefits must, nevertheless, in some way relieve the public of a duty which it would have to such beneficiaries or otherwise confer some benefit on the public. 86 Ill. Admin. Code §130.2005(i)(2).

The taxpayer does not benefit an indefinite number of the general public because the taxpayer's direct benefits are limited to a small number of high school students in the automotive department. The taxpayer indirectly benefits the automotive industry, and the benefits that the taxpayer provides do not in any way relieve the public of any duty that it has to high school automotive students.

In addition to not benefitting an indefinite number of the public, the taxpayer does not meet most of the remaining charitable factors. With respect to the second factor, although the taxpayer has no capital, capital stock or shareholders, the taxpayer's tax return does not indicate that the majority of the taxpayer's funding is from charity. The taxpayer's federal Form 990-EZ for the year 2015 shows that the income from contributions, gifts, and grants was zero.² All of its income was from program service revenue, which includes the sponsorship income. The sponsors are expected to sign a contract in which they agree to pay the taxpayer money in exchange for advertisement on

² The federal form 990-EZ for the year 2014 also shows the same. (Taxpayer Ex. #8)

various promotional sites or events. (Taxpayer Ex. #18) Charity is a “gift.” Provena Covenant Medical Center v. Department of Revenue, 384 Ill. App. 3d 734, 750 (4th Dist. 2008), *aff’d*, 236 Ill. 2d 368 (2010). A “gift” is a voluntary transfer of property without any consideration. In re Estate of Berbecker, 277 Ill. App. 201 (1st Dist. 1934). As the taxpayer’s Form 990-EZ indicates, the taxpayer’s sponsorship income is not a gift because it is given in exchange for significant advertisement, and the taxpayer does not derive its funds mainly from charity.

The taxpayer’s founder testified that the taxpayer’s funding is from 3 sources: (1) sponsors; (2) SEMA; and (3) the founder himself, JOHN JAMES. (Tr. p. 20) JOHN JAMES said he will “make up the difference.” *Id.* The taxpayer provided a “Profit & Loss” statement for 2015 that shows “Donations” of \$75.00 (Taxpayer Ex. #9), but this is the only document in the record that shows income that may be charity. This amount is certainly not the majority of the taxpayer’s income; the majority of the income is from sponsorships that are from businesses in the automotive industry.

The taxpayer also does not dispense charity to all who need and apply for it. The charitable benefits that the taxpayer provides to the students are the following: (1) participation in the competitions; (2) food and lodging at the National Championships; and (3) JOHN JAMES scholarships. Although all of its competitions are free, they are limited to high school automotive students, and the number of students who actually participate in the competition is relatively small. As an example, XYZ HIGH SCHOOL in EVERYWHERE, Illinois has approximately 125 students in its automotive program. During 2016 it had 10 students who participated in the taxpayer’s competition. This is only 8% of the automotive students. On average, only 5 to 15 students from a high

school directly participate in the competition. Although other students may assist in preparing the students for the competition, the other students do not receive any of the charity that the taxpayer offers. It is not clear from the record whether the JOHN JAMES scholarships are offered to all high school automotive students or only those students who participate in the competition, but they are limited to those who are pursuing careers in the automotive aftermarket industry. The remaining scholarships that are awarded to all the participants at the National Championships are not given by the taxpayer; they are given by the schools. The amount of charity that the taxpayer provides, therefore, is very limited. The taxpayer does not have free services that it offers to the general public.

As the foregoing discussion indicates, the taxpayer is not actually and factually operated primarily for charitable purposes. The taxpayer is primarily operated to ensure the future success of the automotive/racing industry. The taxpayer was organized because automotive classes are dwindling, and the taxpayer wanted to encourage high school students to take automotive classes to become involved in the industry. The charitable factors in Methodist Old Peoples Home, *supra*, are to be balanced with an overall focus on whether and how the organization serves the public interest and lessens the State's burden. The taxpayer does not serve the general public or relieve any of the State's burdens.

Although the taxpayer provides benefits to some high school students, laudable acts do not necessarily warrant an exemption. See Coyne Electrical School, at 399; Rogers Park Post No. 108, American Legion v. Brenza, 8 Ill. 2d 286, 291 (1956); Turnverein Lincoln v. Board of Appeals of Cook County, 358 Ill. 135, 144-145 (1934). In order to receive the exemption, the taxpayer must establish clearly and convincingly

that it is organized and operated exclusively for charitable or educational purposes. As previously mentioned, exemption provisions are strictly construed, and all doubts must be resolved in favor of taxation. Rogy's New Generation, Inc., *supra*. Because the taxpayer's evidence falls short of showing clearly and convincingly that the taxpayer has met its burden of proof, the exemption must be denied.

Recommendation:

For the foregoing reasons, it is recommended that the taxpayer's request for an exemption identification number be denied.

Enter: February 9, 2018

Linda Olivero
Administrative Law Judge