



City of Chicago
Brandon Johnson, Mayor

Department of Law
Mary B. Richardson-Lowry,
Corporation Counsel

Revenue Litigation Division
2 North LaSalle Street
Suite 440
Chicago, Illinois 60602-3702
(312) 744-5691
www.cityofchicago.org

August 27, 2025

VIA EMAIL ONLY

David Hillegass
Managing Director, SALT Indirect
Global Tax Management, Inc.
656 East Swadesford Road, Suite 200
Wayne, Pennsylvania 19087
dhillegass@gtmtax.com

Re: Private Letter Ruling for [REDACTED] (“[REDACTED]”)

Dear Mr. Hillegass:

Pursuant to your April 29, 2025 letter (“Request”) (copy attached) requesting an opinion regarding whether [REDACTED] platform software, [REDACTED], is a nonpossessory computer lease subject to the Chicago Personal Property Lease Transaction Tax (“Lease Tax”), Chicago Municipal Code (“Code”) § 3-32, *et seq.*, this Private Letter Ruling (“PLR”) is issued to interpret and apply the law to your represented set of facts. As explained below, the Department of Finance (“Department”) views [REDACTED] transactions with its customers as nonpossessory computer leases that may claim an exemption under Code § 3-32-050(10).

Your Request concerns the [REDACTED], [REDACTED] software for [REDACTED] to conduct banking activity. According to your Request, the [REDACTED] used by facilities to transfer care cost payments from resident accounts into its operating account. For residents, the [REDACTED] facilitates basic banking services including direct deposit into a partner bank account, direct debit, bill pay, and account statements for their individual accounts. Resident accounts are created through an online enrollment process handled by the facility. Two ancillary products (1) support [REDACTED] use, and (2) allow family members to review resident account activity. For all these services, [REDACTED] enters into written agreement with the facility.

You asked the Department for a ruling that the [REDACTED] is a banking service that is not subject to the Lease Tax; or, in the alternative, that the product is a lease that qualifies for a Code § 3-32-050(11) exemption (“Exemption 11”).

Lease Tax is imposed upon “the privilege of using in the city personal property that is leased or rented outside the city,” including upon nonpossessory computer leases: “the customer obtains access to the provider's computer and uses the computer and its software to input, modify or retrieve data or information, in each case without the intervention (other than de minimis intervention) of personnel acting on behalf of the provider.” Code §§ 3-32-020(I), 3-32-030(A).

We disagree that the product is a “non-taxable banking service”. The platform software you describe in your Request falls within the above definition of a non-possessory computer lease. The [REDACTED] allows users to input information regarding residents’ funds, including setting up accounts, transferring or withdrawing funds, downloading statements, and running reconciliation reports. You state in your Request that while [REDACTED] employees have some involvement in setting up accounts, the process is largely handled by customer facilities.

We also disagree that the product is exempt under Exemption 11. Exemption 11 applies to:

[T]he nonpossessory lease of a computer in which the customer's use or control of the provider's computer is de minimis and the related charge is predominantly for information transferred to the customer rather than for the customer's use or control of the computer

Code § 3-32-050(11).

The software as described in your Request does not fall within Exemption 11. Rather, on your platform, facilities “collect, track, allocate, and disburse funds” between their operating account and resident accounts, and residents may use “direct deposit, direct debit, [and] bill pay”. [REDACTED] users, both facilities and residents, may also download detailed account statements and reports. Family members may also access the portal to review transactions. Indeed, the reason subscribers pay for the [REDACTED] is to augment conventional banking services with tools and capabilities that are interactive and much more than de minimis.

Notwithstanding the degree of interaction that disqualifies your software from claiming Exemption 11, we have considered whether it may qualify for Code § 3-32-050 (10) (“Exemption 10”), which states:

The nonpossessory lease of a computer to effectuate the deposit, withdrawal, transfer or loan of money or securities, including any related review of accounts or investment options by the account owner, whether or not the parties to the lease also are parties to the deposit, withdrawal, transfer or loan.

Your Request states that transactions such as money deposits, withdrawals, or transfers are made, *i.e.*, “effectuated,” via your platform. Therefore, the [REDACTED] would meet the provisions of and would be exempt under Exemption 10.

[SIGNATURE PAGE TO FOLLOW]

Letter to David Hillegass for [REDACTED]

August 27, 2025

Page 3 of 3

This PLR is based on the text of the Lease Tax ordinance as of the date of this letter and limited to your Request's specific factual situation being represented accurately and completely. The opinions contained herein are expressly intended to constitute written advice that may be relied upon pursuant to Code § 3-4-325. However, please note that reliance on written advice in a PLR that is ten or more years old shall be deemed not reasonable unless ratified in writing by the Corporation Counsel's Office. See Uniform Revenue Procedures Ordinance Ruling #3, Section 12, Chi. Dept. Rev. (eff. June 1, 2004).

Very truly yours,

/s/ Crystal Janssen

Crystal Janssen

Assistant Corporation Counsel

City of Chicago Department of Law

2 North LaSalle Street, Suite 440

Chicago, Illinois 60602

Enclosure (1)

cc: Brian Carlson, Deputy Director, Department of Finance
Susan Jordan, Deputy Corporation Counsel, Department of Law

April 29, 2025

**Tax Policy Section
City of Chicago
Department of Revenue
Room 300, DePaul Center
333 South State Street
Chicago, IL 60604-3977**

RE: Request for Issuance of a Private Letter Ruling for Personal Property Lease Transaction Tax Clarification

██████████, respectfully requests the Issuance of a Private Letter Ruling to determine the taxability for personal property lease transaction (“PPLT”) tax purposes of ██████████ banking and accounting services provided to Chicago, Illinois assisted living and long-term care facilities and their residents.

Requested Private Letter Ruling

█████ requests a Private Letter Ruling from the Chicago Department of Revenue to confirm whether █████ sales of its █████ is subject to the Chicago PPLT.

Statement of Facts

[REDACTED], through its [REDACTED] offering, provides online banking services to skilled nursing and assisted living facilities (“facilities”) and their residents located inside Chicago, Illinois.

█████ provides facilities with the ability to collect, track, allocate, and disburse funds for their residents. █████ and all its capabilities are accessed by facilities via the web.

To participate, facilities open an [REDACTED] master bank account through [REDACTED] with a participating financial institution (i.e. banking partner). This master bank account holds the funds for each resident within the facility. Existing [REDACTED] accounts are moved to this participating financial institution and are tracked individually by the [REDACTED].

The facilities submit an online account application to the banking partner for each resident and indicate how they want the residents' incoming funds to be managed. Sources of incoming funds typically include federal payments such as Social Security and private pensions. Funds received locally such as family member checks are scanned into [REDACTED] and deposited electronically, sent by mail, or physically taken to the nearest local banking partner branch.



These setup activities are directed and aided by [REDACTED] employees; however, a large portion of the work setting up resident accounts within the [REDACTED] system is borne by the facilities.

Each resident may elect to have a transferring account in which payments for their care are automatically debited from their recurring income. The residual amount of their recurring income is maintained in their personal account.

Services used by the resident [REDACTED] account include direct deposit, direct debit, bill pay, and resident account statements. Vendor bills are sent directly to the facility. [REDACTED] vendor payments are keyed into [REDACTED] and released to vendors via check or ACH payment from a controlled disbursement account.

Facility personnel key withdrawals into their residents' [REDACTED] accounts which are transferred to the facilities' petty cash account and released to the residents. Facility personnel can download account statements and run reconciliation reports through [REDACTED]

The [REDACTED] product allows family members to monitor their loved ones' personal bank accounts via the web.

Support services for customer [REDACTED] accounts include live person and chat support as well as monthly online training. [REDACTED] sends account alerts for various activities including monitoring, fraud alerts, and reconciliations.

Consistent with typical bank fees, the [REDACTED] billing is month-to-month including a flat rate per facility, a fee per resident account, and a one-time set-up fee for new accounts.

Like a banking platform, all platform software utilized to provide [REDACTED] services is hosted, owned, maintained, and operated on [REDACTED] servers located outside Chicago, Illinois. Additionally, like a banking platform, all [REDACTED] services provided are accessed via the web. The [REDACTED] is essentially an online banking platform targeted to the long-term care industry.

Applicable Attachments

Provided along with this Request for Issuance of a Private Letter Ruling is a copy of a typical contract entered into between [REDACTED] and a facility for the [REDACTED] (attached as **Exhibit A**).

Statement of Authorities

The Chicago personal property lease transaction tax is imposed upon: (1) the lease or rental in the city of personal property, or (2) the privilege of using in the city personal property that is leased or rented outside the city.¹

¹ Chicago Municipal Code Sec. 3-32-030(A)



The term “lease or rental” includes a “nonpossessory lease.”²

The term “nonpossessory lease” includes a “nonpossessory computer lease.”³

The term “nonpossessory computer lease” means:

[A] nonpossessory lease in which the customer obtains access to the provider's computer and uses the computer and its software to input, modify or retrieve data or information, in each case without the intervention (other than de minimis intervention) of personnel acting on behalf of the provider. The term “nonpossessory computer lease” includes, but is not limited to, time sharing or time or other use of a computer with other users. In the case of a nonpossessory computer lease, the location of the terminal or other device by which a user accesses the computer shall be deemed to be the place of lease or rental and the place of use of the computer for purposes of the tax imposed by this chapter.⁴

The remote utilization of computer software within Chicago, which does not constitute a sale, is subject to the personal property lease transaction tax as a nonpossessory computer lease.⁵

In relevant part, the following lease, rental, or use is exempt from the personal property lease transaction tax: “the nonpossessory lease of a computer in which the customer's use or control of the provider's computer is de minimis and the related charge is predominantly for information transferred to the customer rather than for the customer's use or control of the computer.”⁶

Analysis & Conclusions

It is [REDACTED] opinion that its sales of [REDACTED] are nontaxable banking services and not a nonpossessory computer lease subject to the personal property lease transaction tax.

As noted in the Statement of Facts, the users of the platform associated with the [REDACTED] perform de minimis functions in the platform, including: updating individuals, updating account information, and setting up recurring deposits, transfers, and withdrawals. Additionally, after the setup functionality is complete, outside of normal banking functions, the users generally only have access to informational reporting. These tasks are performed via a web portal provided along with the [REDACTED].

² Chicago Municipal Code Sec. 3-32-020(I)

³ Chicago Municipal Code Sec. 3-32-020(I)

⁴ Chicago Municipal Code Sec. 3-32-020(I)

⁵ Chicago Personal Property Lease Transaction Tax Amended Ruling #5 (September 1, 2013); Chicago Personal Property Lease Transaction Tax Ruling #9 (June 1, 2004)

⁶ Chicago Municipal Code Sec. 3-32-050(A)(11)



It is [REDACTED] opinion that the provision of [REDACTED] is a nontaxable banking service. The [REDACTED] offering is similar to any national banking service wherein individuals have access to update individuals, update accounts, and set up deposits, transfers, and withdrawals. Similar to the banking industry, [REDACTED] utilizes software in the provision of its [REDACTED] but does not offer the full control of that software to its customers.

In the event that the Department concludes the [REDACTED] does meet the requirements to be considered a nonpossessory computer lease, [REDACTED] is of the position that the level of control and utilization over the underlying software is de minimis and predominantly for information transferred to the customer rather than for the customer's use or control of the computer, and as such, should be afforded exemption from the personal property lease transaction tax under Chicago Municipal Code Sec. 3-32-050(A)(11).

Attestation

To the best of [REDACTED] knowledge, there are no existing rulings, procedures, or ordinances determining any similar circumstances.

Under penalties of perjury, I declare that I have examined this request, including the accompanying documents, and to the best of my knowledge and belief, the facts presented in support of the requested ruling are true, correct, and complete.

Thank you for your time and attention to this request. Please reach out to David Hillegass with Global Tax Management for any additional information.

Sincerely,



David Hillegass
dhillegass@gtmtax.com
610-324-0126

