

ASSEMBLY, No. 4013

STATE OF NEW JERSEY 218th LEGISLATURE

INTRODUCED MAY 17, 2018

Sponsored by:

Assemblyman CRAIG J. COUGHLIN

District 19 (Middlesex)

Assemblyman ROBERT J. KARABINCHAK

District 18 (Middlesex)

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

Co-Sponsored by:

Assemblyman Giblin

SYNOPSIS

Reinstates prior property tax exemption for nonprofit hospitals with on-site for-profit medical providers; requires some of these hospitals to pay community service contributions; establishes Nonprofit Hospital Community Service Contribution Study Commission; prohibits certain third-party property tax appeals.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/13/2019)

A4013 COUGHLIN, KARABINCHAK

2

1 AN ACT concerning property tax exemptions, supplementing
2 chapter 48 of Title 40 and chapter 4 of Title 54 of the Revised
3 Statutes, and amending R.S.54:4-3.6 and R.S.54:3-21.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. (New section) a. The owner of property used as a hospital
9 or a satellite emergency care facility, which is exempt from taxation
10 pursuant to section 3 of P.L. , c. (C.) (pending before the
11 Legislature as this bill), shall annually be assessed a community
12 service contribution to the municipality in which the licensed beds
13 of the hospital are located and, in the case of a satellite emergency
14 care facility, to the municipality in which such facility is located.
15 These contributions shall be remitted directly to the municipalities
16 in which the contributions are assessed.

17 b. (1) For tax year 2018, the annual community service
18 contribution required pursuant to this section shall, for a hospital,
19 be equal to \$2.50 a day for each licensed bed at the hospital in the
20 prior tax year, and shall, for a satellite emergency care facility, be
21 equal to \$250 for each day in the prior tax year. For tax year 2019
22 and each tax year thereafter, the per day amount used to calculate an
23 annual community service contribution for a hospital and a satellite
24 emergency care facility shall increase by two percent over the prior
25 tax year. The Commissioner of Health shall annually promulgate
26 the per day amount to apply for each tax year.

27 (2) An annual community service contribution shall be reduced
28 by an amount equal to the sum of any payments remitted to the
29 municipality in which the licensed beds of the hospital or satellite
30 emergency care facility, as the case may be, is located, pursuant to a
31 voluntary agreement operative in the prior tax year between the
32 owner and the municipality to compensate for any municipal public
33 safety services benefitting the occupants and premises of the
34 hospital or satellite emergency care facility

35 (3) An annual community service contribution shall be payable
36 in equal quarterly installments. The installments shall be payable
37 on February 1, May 1, August 1, and November 1.

38 c. The obligation to remit an annual community service
39 contribution pursuant to this section is legal, valid, and binding. If
40 a quarterly installment of an annual community service contribution
41 installment is not paid as and when due pursuant to subsection b. of
42 this section, the unpaid balance shall constitute a municipal lien on
43 the hospital or satellite emergency care facility property after 30
44 days, and shall be enforced and collected in the same manner as
45 unpaid property taxes.

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 d. A municipality that receives an annual community service
2 contribution installment pursuant to this section, or a payment under
3 a voluntary agreement that reduces the amount of such contribution
4 pursuant to paragraph (2) of subsection b. of this section, shall
5 forthwith, upon receipt, remit five percent of the installment or
6 voluntary payment, as the case may be, to the county in which the
7 municipality is located.

8 e. The Commissioner of Health, in consultation with the New
9 Jersey Health Care Facilities Financing Authority in the Department
10 of Health and the Director of the Division of Local Government
11 Services in the Department of Community Affairs, shall, by January
12 1, 2019, adopt regulations necessary to effectuate the provisions of
13 this section pursuant to the "Administrative Procedure Act,"
14 P.L.1968, c.410 (C.52:14B-1 et seq.).

15 f. As used in this section:

16 "Hospital" means a general acute care hospital licensed pursuant
17 to P.L.1971, c.136 (C.26:2H-1 et seq.), which maintains and
18 operates organized facilities and services as approved and licensed
19 by the Department of Health for the diagnosis, treatment, or care of
20 persons suffering from acute illness, injury, or deformity and in
21 which all diagnosis, treatment, and care are administered by or
22 performed under the direction of persons licensed to practice
23 medicine or osteopathy in the State, and includes all land and
24 buildings that are used in the delivery of health care services by
25 such hospital and its medical providers or that are used for the
26 management, maintenance, administration, support, and security of
27 such hospital and its medical providers.

28 "Licensed bed" means one of the total number of acute care beds
29 for which an acute care hospital is approved for patient care by the
30 Commissioner of Health, excluding skilled nursing, psychiatric,
31 sub-acute, and newborn beds, and further excluding any acute care
32 beds not commissioned for use.

33 "Medical provider" means an individual or entity which, acting
34 within the scope of a licensure or certification, provides health care
35 services, and includes, but is not limited to, a physician, physician
36 assistant, psychologist, pharmacist, dentist, nurse, nurse
37 practitioner, social worker, paramedic, respiratory care practitioner,
38 medical or laboratory technician, ambulance or emergency medical
39 worker, orthotist or prosthetist, radiological or other diagnostic
40 service facility, bioanalytical laboratory, health care facility, or
41 other limited licensed health care professional, and further includes
42 administrative support staff of the individual or entity.

43 "Owner" means an association or corporation organized as a
44 nonprofit entity pursuant to Title 15 of the Revised Statutes or Title
45 15A of the New Jersey Statutes exclusively for hospital purposes
46 that owns a hospital.

1 “Satellite emergency care facility” means a facility, which is
2 owned and operated by a hospital, and which provides emergency
3 care and treatment for patients.

4
5 2. (New section) a. There is established, in but not of the
6 Department of Health, a commission to be known as the Nonprofit
7 Hospital Community Service Contribution Study Commission. The
8 commission shall consist of nine members as follows: the
9 Commissioner of Health, ex officio; two members of the Senate to
10 be appointed by the President of the Senate, who shall not both be
11 of the same political party; two members of the General Assembly
12 to be appointed by the Speaker of the General Assembly, who shall
13 not both be of the same political party; two members, appointed by
14 the Governor, who are mayors of municipalities entitled to receive
15 annual community service contributions pursuant to section 1 of
16 P.L. , c. (C.) (pending before the Legislature as this bill);
17 and two members, appointed by the Governor, who are chief
18 executive officers of hospitals assessed annual community service
19 contributions pursuant to section 1 of P.L. , c. (C.)
20 (pending before the Legislature as this bill). Each member may
21 designate a representative to attend meetings of the commission,
22 and each designee may lawfully vote and otherwise act on behalf of
23 the member who designated that individual to serve as a designee.
24 The members shall serve for terms of three years, commencing on
25 the date of appointment, and may be reappointed. Vacancies in the
26 membership of the commission shall be filled for the unexpired
27 terms in the same manner as the original appointments.

28 b. The members shall be appointed within 60 days following
29 the effective date of this section. The commission shall organize as
30 soon as practicable after the appointment of a majority of its
31 members and shall select a chair and a treasurer from among its
32 members, and a secretary who need not be a member of the
33 commission. The presence of five members of the commission
34 shall constitute a quorum. The commission may conduct business
35 without a quorum, but may only vote on the issuance of the report
36 required to be submitted to the Governor and the Legislature
37 pursuant to subsection e. of this section, and on any
38 recommendations, when a quorum is present.

39 c. All commission members shall serve without compensation,
40 but shall be eligible for reimbursement of necessary and reasonable
41 expenses incurred in the performance of their official duties within
42 the limits of funds appropriated or otherwise made available to the
43 commission for its purposes.

44 d. The commission may meet and hold public hearings at the
45 place or places it designates during the sessions or recesses of the
46 Legislature.

47 e. The commission shall study the implementation of
48 P.L. , c. (C.) (pending before the Legislature as this bill)

1 and shall issue a report to the Governor and the Legislature,
2 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), every three
3 years from the effective date of this section; provided, however, that
4 the initial report shall be issued within one year following that
5 effective date. The reports shall include: (1) an analysis of the
6 financial impact of P.L. , c. (C.) (pending before the
7 Legislature as this bill) on both hospitals and satellite emergency
8 care facilities assessed annual community service contributions
9 thereunder and the municipalities receiving such contributions; (2)
10 an assessment of the adequacy of the amount of the annual
11 community service contributions; (3) an analysis of the
12 administration and equity of these contributions; and (4) any
13 recommendations that the commission determines would improve
14 the administration, equity, or any other aspect of the annual
15 community service contribution system established by
16 P.L. , c. (C.) (pending before the Legislature as this bill).

17

18 3. (New section) a. Property, including land and buildings,
19 used as a hospital or a satellite emergency care facility, which is
20 owned by an association or corporation organized as a nonprofit
21 entity pursuant to Title 15 of the Revised Statutes or Title 15A of
22 the New Jersey Statutes exclusively for hospital purposes, shall be
23 exempt from taxation, and the exemption shall extend to any
24 portion of the hospital property that is leased to or otherwise used
25 by a profit-making medical provider for medical purposes;
26 provided, however, that any portion of the property that is leased to
27 any other profit-making organization or otherwise used for any
28 other purposes which are not themselves exempt from taxation shall
29 be subject to taxation and the remaining portion only shall be
30 exempt from taxation.

31 b. The owner of property exempt from taxation pursuant to
32 subsection a. of this section shall be assessed an annual community
33 service contribution pursuant to section 1 of P.L. , c. (C.)
34 (pending before the Legislature as this bill).

35 c. As used in this section:

36 “Hospital” means a general acute care hospital licensed pursuant
37 to P.L.1971, c.136 (C.26:2H-1 et seq.), which maintains and
38 operates organized facilities and services as approved and licensed
39 by the Department of Health for the diagnosis, treatment, or care of
40 persons suffering from acute illness, injury, or deformity and in
41 which all diagnosis, treatment, and care are administered by or
42 performed under the direction of persons licensed to practice
43 medicine or osteopathy in the State, and includes all land and
44 buildings that are used in the delivery of health care services by
45 such hospital and its medical providers or that are used for the
46 management, maintenance, administration, support, and security of
47 such hospital and its medical providers.

1 “Medical provider” means an individual or entity which, acting
2 within the scope of a licensure or certification, provides health care
3 services, and includes, but is not limited to, a physician, physician
4 assistant, psychologist, pharmacist, dentist, nurse, nurse
5 practitioner, social worker, paramedic, respiratory care practitioner,
6 medical or laboratory technician, ambulance or emergency medical
7 worker, orthotist or prosthetist, radiological or other diagnostic
8 service facility, bioanalytical laboratory, health care facility, or
9 other limited licensed health care professional, and further includes
10 administrative support staff of the individual or entity.

11 “Satellite emergency care facility” means a facility, which is
12 owned and operated by a hospital, and which provides emergency
13 care and treatment for patients.

14

15 4. (New section) For tax years 2014, 2015, 2016, and 2017,
16 property that would have been exempt from taxation pursuant to
17 section 3 of P.L. , c. (C.) (pending before the Legislature
18 as this bill), had that section been effective in those tax years, shall
19 not be assessed as omitted property pursuant to P.L.1947, c.413
20 (C.54:4-63.12 et seq.). This section shall apply to all property
21 owned by an association or corporation organized as a nonprofit
22 entity pursuant to Title 15 of the Revised Statutes or Title 15A of
23 the New Jersey Statutes exclusively for hospital purposes, whether
24 or not assessed as omitted property, as well as the omitted
25 assessments of such property that is the subject of litigation that is
26 pending or that may be subject to appeal before the county board of
27 taxation, the tax court, or any other court on or after the date of
28 enactment of P.L. , c. (C.) (pending before the Legislature
29 as this bill). Any taxes paid on such property for tax years 2014,
30 2015, 2016, or 2017 shall be refunded.

31

32 5. R.S.54:4-3.6 is amended to read as follows:

33 54:4-3.6. The following property shall be exempt from taxation
34 under this chapter: all buildings actually used for colleges, schools,
35 academies or seminaries, provided that if any portion of such
36 buildings are leased to profit-making organizations or otherwise
37 used for purposes which are not themselves exempt from taxation,
38 said portion shall be subject to taxation and the remaining portion
39 only shall be exempt; all buildings actually used for historical
40 societies, associations or exhibitions, when owned by the State,
41 county or any political subdivision thereof or when located on land
42 owned by an educational institution which derives its primary
43 support from State revenue; all buildings actually and exclusively
44 used for public libraries, asylum or schools for adults and children
45 with intellectual disabilities; all buildings used exclusively by any
46 association or corporation formed for the purpose and actually
47 engaged in the work of preventing cruelty to animals; all buildings
48 actually and exclusively used and owned by volunteer first-aid

1 squads, which squads are or shall be incorporated as associations
2 not for pecuniary profit; all buildings actually used in the work of
3 associations and corporations organized exclusively for the moral
4 and mental improvement of men, women and children, provided
5 that if any portion of a building used for that purpose is leased to
6 profit-making organizations or is otherwise used for purposes which
7 are not themselves exempt from taxation, that portion shall be
8 subject to taxation and the remaining portion only shall be exempt;
9 all buildings actually used in the work of associations and
10 corporations organized exclusively for religious purposes, including
11 religious worship, or charitable purposes, provided that if any
12 portion of a building used for that purpose is leased to a profit-
13 making organization or is otherwise used for purposes which are not
14 themselves exempt from taxation, that portion shall be subject to
15 taxation and the remaining portion shall be exempt from taxation,
16 and provided further that if any portion of a building is used for a
17 different exempt use by an exempt entity, that portion shall also be
18 exempt from taxation; all buildings , other than those exempt from
19 taxation pursuant to section 3 of P.L. , c. (C.) (pending
20 before the Legislature as this bill), actually used in the work of
21 associations and corporations organized exclusively for hospital
22 purposes, provided that if any portion of a building used for hospital
23 purposes is leased to profit-making organizations or otherwise used
24 for purposes which are not themselves exempt from taxation, that
25 portion shall be subject to taxation and the remaining portion only
26 shall be exempt; all buildings owned or held by an association or
27 corporation created for the purpose of holding the title to such
28 buildings as are actually and exclusively used in the work of two or
29 more associations or corporations organized exclusively for the
30 moral and mental improvement of men, women and children; all
31 buildings owned by a corporation created under or otherwise
32 subject to the provisions of Title 15 of the Revised Statutes or Title
33 15A of the New Jersey Statutes and actually and exclusively used in
34 the work of one or more associations or corporations organized
35 exclusively for charitable or religious purposes, which associations
36 or corporations may or may not pay rent for the use of the premises
37 or the portions of the premises used by them; the buildings, not
38 exceeding two, actually occupied as a parsonage by the officiating
39 clergymen of any religious corporation of this State, together with
40 the accessory buildings located on the same premises; the land
41 whereon any of the buildings hereinbefore mentioned are erected,
42 and which may be necessary for the fair enjoyment thereof, and
43 which is devoted to the purposes above mentioned and to no other
44 purpose and does not exceed five acres in extent; the furniture and
45 personal property in said buildings if used in and devoted to the
46 purposes above mentioned; all property owned and used by any
47 nonprofit corporation in connection with its curriculum, work, care,
48 treatment and study of men, women, or children with intellectual

1 disabilities shall also be exempt from taxation, provided that such
2 corporation conducts and maintains research or professional
3 training facilities for the care and training of men, women, or
4 children with intellectual disabilities; provided, in case of all the
5 foregoing, the buildings, or the lands on which they stand, or the
6 associations, corporations or institutions using and occupying them
7 as aforesaid, are not conducted for profit, except that the exemption
8 of the buildings and lands used for charitable, benevolent or
9 religious purposes shall extend to cases where the charitable,
10 benevolent or religious work therein carried on is supported partly
11 by fees and charges received from or on behalf of beneficiaries
12 using or occupying the buildings; provided the building is wholly
13 controlled by and the entire income therefrom is used for said
14 charitable, benevolent or religious purposes; and any tract of land
15 purchased pursuant to subsection (n) of section 21 of P.L.1971,
16 c.199 (C.40A:12-21), and located within a municipality, actually
17 used for the cultivation and sale of fresh fruits and vegetables and
18 owned by a duly incorporated nonprofit organization or association
19 which includes among its principal purposes the cultivation and sale
20 of fresh fruits and vegetables, other than a political, partisan,
21 sectarian, denominational or religious organization or association.
22 The foregoing exemption shall apply only where the association,
23 corporation or institution claiming the exemption owns the property
24 in question and is incorporated or organized under the laws of this
25 State and authorized to carry out the purposes on account of which
26 the exemption is claimed or where an educational institution, as
27 provided herein, has leased said property to a historical society or
28 association or to a corporation organized for such purposes and
29 created under or otherwise subject to the provisions of Title 15 of
30 the Revised Statutes or Title 15A of the New Jersey Statutes.

31 As used in this section "hospital purposes" includes health care
32 facilities for the elderly, such as nursing homes; residential health
33 care facilities; assisted living residences; facilities with a Class C
34 license pursuant to P.L.1979, c.496 (C.55:13B-1 et al.), the
35 "Rooming and Boarding House Act of 1979"; similar facilities that
36 provide medical, nursing or personal care services to their residents;
37 and that portion of the central administrative or service facility of a
38 continuing care retirement community that is reasonably allocable
39 as a health care facility for the elderly.

40 (cf: P.L.2011, c.171, s.4)

41

42 6. R.S.54:3-21 is amended to read as follows:

43 54:3-21. a. (1) Except as provided in subsection b. of this
44 section a taxpayer feeling aggrieved by the assessed valuation or
45 exempt status of the taxpayer's property **】, or feeling discriminated**
46 **against by the assessed valuation of other property in the county,]**
47 or a taxing district which may feel discriminated against by the
48 assessed valuation or exempt status of property in the taxing

1 district, or by the assessed valuation or exempt status of property in
2 another taxing district in the county, may on or before April 1, or 45
3 days from the date the bulk mailing of notification of assessment is
4 completed in the taxing district, whichever is later, appeal to the
5 county board of taxation by filing with it a petition of appeal;
6 provided, however, that any such taxpayer or taxing district may on
7 or before April 1, or 45 days from the date the bulk mailing of
8 notification of assessment is completed in the taxing district,
9 whichever is later, file a complaint directly with the Tax Court, if
10 the assessed valuation of the property subject to the appeal exceeds
11 \$1,000,000. In a taxing district where a municipal-wide revaluation
12 or municipal-wide reassessment has been implemented, a taxpayer
13 or a taxing district may appeal before or on May 1 to the county
14 board of taxation by filing with it a petition of appeal or, if the
15 assessed valuation of the property subject to the appeal exceeds
16 \$1,000,000, by filing a complaint directly with the State Tax Court.
17 Within ten days of the completion of the bulk mailing of
18 notification of assessment, the assessor of the taxing district shall
19 file with the county board of taxation a certification setting forth the
20 date on which the bulk mailing was completed. If a county board of
21 taxation completes the bulk mailing of notification of assessment,
22 the tax administrator of the county board of taxation shall within ten
23 days of the completion of the bulk mailing prepare and keep on file
24 a certification setting forth the date on which the bulk mailing was
25 completed. A taxpayer shall have 45 days to file an appeal upon the
26 issuance of a notification of a change in assessment. An appeal to
27 the Tax Court by one party in a case in which the Tax Court has
28 jurisdiction shall establish jurisdiction over the entire matter in the
29 Tax Court. All appeals to the Tax Court hereunder shall be in
30 accordance with the provisions of the State Uniform Tax Procedure
31 Law, R.S.54:48-1 et seq.

32 If a petition of appeal or a complaint is filed on April 1 or during
33 the 19 days next preceding April 1, a taxpayer or a taxing district
34 shall have 20 days from the date of service of the petition or
35 complaint to file a cross-petition of appeal with a county board of
36 taxation or a counterclaim with the Tax Court, as appropriate.

37 (2) With respect to property located in a county participating in
38 the demonstration program established in section 4 of P.L.2013,
39 c.15 (C.54:1-104) or a property located in a county operating under
40 the "Property Tax Assessment Reform Act," P.L.2009, c.118
41 (C.54:1-86 et seq.), and except as provided in subsection b. of this
42 section, a taxpayer feeling aggrieved by the assessed valuation or
43 exempt status of the taxpayer's property **],** or feeling discriminated
44 against by the assessed valuation of other property in the county, **]**
45 or a taxing district which may feel discriminated against by the
46 assessed valuation or exempt status of property in the taxing
47 district, or by the assessed valuation or exempt status of property in
48 another taxing district in the county, may on or before January 15,

1 or 45 days from the date the bulk mailing of notification of
2 assessment is completed in the taxing district, whichever date is
3 later, appeal to the county board of taxation by filing with it a
4 petition of appeal; provided, however, that any such taxpayer, or
5 taxing district, may on or before April 1, or 45 days from the date
6 the bulk mailing of notification of assessment is completed in the
7 taxing district, whichever date is later, file a complaint directly with
8 the Tax Court, if the assessed valuation of the property subject to
9 the appeal exceeds \$1,000,000.

10 If a petition of appeal is filed on January 15 or during the 19
11 days next preceding January 15, or a complaint is filed with the Tax
12 Court on April 1 or during the 19 days next preceding April 1, a
13 taxpayer or a taxing district shall have 20 days from the date of
14 service of the petition or complaint to file a cross-petition of appeal
15 with a county board of taxation or a counterclaim with the Tax
16 Court, as appropriate.

17 Within 10 days of the completion of the bulk mailing of
18 notification of assessment, the assessor of the taxing district shall
19 file with the county board of taxation a certification setting forth the
20 date on which the bulk mailing was completed. If a county board of
21 taxation completes the bulk mailing of notification of assessment,
22 the tax administrator of the county board of taxation shall within 10
23 days of the completion of the bulk mailing prepare and keep on file
24 a certification setting forth the date on which the bulk mailing was
25 completed. A taxpayer shall have 45 days to file an appeal upon the
26 issuance of a notification of a change in assessment. An appeal to
27 the Tax Court by one party in a case in which the Tax Court has
28 jurisdiction shall establish jurisdiction over the entire matter in the
29 Tax Court. All appeals to the Tax Court hereunder shall be in
30 accordance with the provisions of the State Uniform Tax Procedure
31 Law, R.S.54:48-1 et seq.

32 b. No taxpayer or taxing district shall be entitled to appeal
33 either an assessment or an exemption or both that is based on a
34 financial agreement subject to the provisions of the "Long Term
35 Tax Exemption Law" under the appeals process set forth in
36 subsection a. of this section.

37 (cf: P.L.2017, c.306, s.4)

38

39 7. This act shall take effect immediately and shall be
40 retroactive to January 1, 2018, except that section 4 of the bill shall
41 apply to tax years 2014, 2015, 2016, and 2017 only.

42

43

44

STATEMENT

45

46 This bill would reinstate the property tax exempt status of
47 nonprofit hospitals, including satellite emergency care facilities,
48 with for-profit medical providers on site. Under the bill, these

1 hospitals would instead be required to pay annual community
2 service contributions to their host municipalities to offset the costs
3 of public safety services, such as police and fire protection, which
4 directly benefit these hospitals and their employees. The bill would
5 also establish a commission to study this new system and would
6 also eliminate certain third-party property tax appeals.

7 In a 2015 decision, the Tax Court held that a nonprofit hospital
8 was not entitled to a property tax exemption because nonprofit and
9 for-profit medical services were provided throughout the hospital in
10 a commingled manner. The court deemed this commingling a
11 violation of R.S.54:4-3.6 because it did not allow the local taxing
12 authorities to distinguish taxable for-profit uses of the hospital
13 property from tax-exempt nonprofit uses of the property. Since for-
14 profit medical services are commonly provided at nonprofit
15 hospitals, municipalities began challenging the property tax exempt
16 status held by other nonprofit hospitals throughout the State,
17 creating uncertainty and raising questions over what level of
18 support these nonprofit hospitals should provide to their host
19 communities. This bill would resolve these issues by establishing a
20 clear and predictable system in which complex, modern nonprofit
21 hospitals make a reasonable contribution to their host communities,
22 while providing these hospitals a measure of tax relief to help them
23 continue to fulfill their nonprofit mission.

24 Under the bill, for tax year 2018, the annual community service
25 contribution for a hospital would be equal to \$2.50 a day for each
26 licensed bed at the hospital in the prior tax year, and the
27 contribution for a satellite emergency care facility would be equal
28 to \$250 for each day in the prior tax year. For tax year 2019 and
29 each tax year thereafter, the per day amount used to calculate the
30 community service contribution for a hospital and a satellite
31 emergency care facility would increase by two percent over the
32 prior tax year. An annual community service contribution would be
33 reduced by the amount of any payments made by a nonprofit
34 hospital for the same purposes to a host municipality, pursuant to a
35 voluntary agreement between the hospital and municipality that was
36 operative in the prior tax year.

37 The bill requires municipalities to provide five percent of an
38 annual community service contribution, or a voluntary payment that
39 counts against such contribution, to the county in which the
40 municipality is located to offset public safety services expenses
41 borne by the county, which benefit the hospital.

42 The bill also establishes a permanent commission, known as the
43 Nonprofit Hospital Community Service Contribution Study
44 Commission, to study and issue a report to the Governor and the
45 Legislature on the annual community service contribution system
46 created by the bill. The initial report is due within one year of the
47 effective date of that provision of the bill, and subsequent reports
48 are due every three years from that effective date. The reports must

1 include: (1) an analysis of the financial impact of the bill on the
2 affected hospitals and municipalities; (2) an assessment of the
3 adequacy of the amount of the annual community service
4 contributions; (3) an analysis of the administration and equity of
5 these contributions; and (4) any recommendations that the
6 commission determines would improve the administration, equity,
7 or any other aspect of the annual community service contribution
8 system created by the bill.

9 The bill also prohibits the assessment of a nonprofit hospital as
10 an omitted property for tax years 2014, 2015, 2016, and 2017.

11 The bill also prohibits property taxpayers from filing property
12 tax appeals with respect to the property of others. Under current
13 law, property taxpayers may challenge the assessment or exempt
14 status of their own property as well as that of any other property in
15 their county. Eliminating this option would reduce property tax
16 appeals, which are costly and create uncertainty in local
17 government finances. The bill would not disturb the ability of local
18 governments to appeal the assessment or exempt status of any
19 property in the applicable county.

20 Lastly, the bill clarifies that the process for challenging the
21 exempt status of property is the same process for challenging the
22 assessed valuation of property, consistent with existing practice.