

# SENATE, No. 357

## STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Senator JOSEPH P. CRYAN**

**District 20 (Union)**

**Senator JOSEPH F. VITALE**

**District 19 (Middlesex)**

**Co-Sponsored by:**

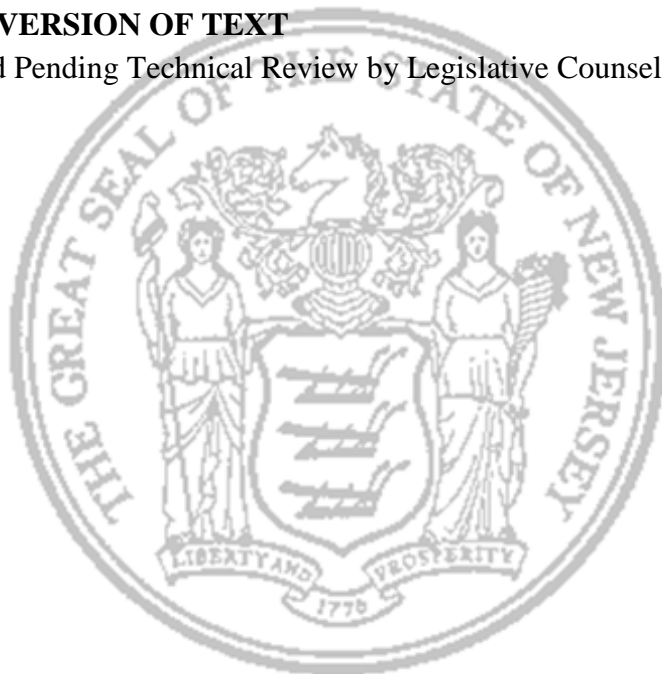
**Senator Pou**

**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**

Introduced Pending Technical Review by Legislative Counsel.



**(Sponsorship Updated As Of: 9/24/2020)**

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.

46 d. A municipality that receives an annual community service  
47 contribution installment pursuant to this section, or a payment under

**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 a voluntary agreement that reduces the amount of such contribution  
2 pursuant to paragraph (2) of subsection b. of this section, shall  
3 forthwith, upon receipt, remit five percent of the installment or  
4 voluntary payment, as the case may be, to the county in which the  
5 municipality is located.

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

13 f. As used in this section:

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

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

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

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

45 "Satellite emergency care facility" means a facility, which is  
46 owned and operated by a hospital, and which provides emergency  
47 care and treatment for patients.

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

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

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

40        d. The commission may meet and hold public hearings at the  
41 place or places it designates during the sessions or recesses of the  
42 Legislature.

43        e. The commission shall study the implementation of  
44 P.L. , c. (C. ) (pending before the Legislature as this bill)  
45 and shall issue a report to the Governor and the Legislature,  
46 pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), every three  
47 years from the effective date of this section; provided, however, that  
48 the initial report shall be issued within one year following that

1 effective date. The reports shall include: (1) an analysis of the  
2 financial impact of P.L. , c. (C. ) (pending before the  
3 Legislature as this bill) on both hospitals and satellite emergency  
4 care facilities assessed annual community service contributions  
5 thereunder and the municipalities receiving such contributions; (2)  
6 an assessment of the adequacy of the amount of the annual  
7 community service contributions; (3) an analysis of the  
8 administration and equity of these contributions; and (4) any  
9 recommendations that the commission determines would improve  
10 the administration, equity, or any other aspect of the annual  
11 community service contribution system established by  
12 P.L. , c. (C. ) (pending before the Legislature as this bill).

13

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

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

31 c. As used in this section:

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

44 “Medical provider” means an individual or entity which, acting  
45 within the scope of a licensure or certification, provides health care  
46 services, and includes, but is not limited to, a physician, physician  
47 assistant, psychologist, pharmacist, dentist, nurse, nurse  
48 practitioner, social worker, paramedic, respiratory care practitioner,

1 medical or laboratory technician, ambulance or emergency medical  
2 worker, orthotist or prosthetist, radiological or other diagnostic  
3 service facility, bioanalytical laboratory, health care facility, or  
4 other limited licensed health care professional, and further includes  
5 administrative support staff of the individual or entity.

6 “Satellite emergency care facility” means a facility, which is  
7 owned and operated by a hospital, and which provides emergency  
8 care and treatment for patients.

9  
10 4. (New section) For tax years 2014, 2015, 2016, and 2017,  
11 property that would have been exempt from taxation pursuant to  
12 section 3 of P.L. , c. (C. ) (pending before the Legislature  
13 as this bill), had that section been effective in those tax years, shall  
14 not be assessed as omitted property pursuant to P.L.1947, c.413  
15 (C.54:4-63.12 et seq.). This section shall apply to all property  
16 owned by an association or corporation organized as a nonprofit  
17 entity pursuant to Title 15 of the Revised Statutes or Title 15A of  
18 the New Jersey Statutes exclusively for hospital purposes, whether  
19 or not assessed as omitted property, as well as the omitted  
20 assessments of such property that is the subject of litigation that is  
21 pending or that may be subject to appeal before the county board of  
22 taxation, the tax court, or any other court on or after the date of  
23 enactment of P.L. , c. (C. ) (pending before the Legislature  
24 as this bill). Any taxes paid on such property for tax years 2014,  
25 2015, 2016, or 2017 shall be refunded.

26  
27 5. R.S.54:4-3.6 is amended to read as follows:

28 54:4-3.6. The following property shall be exempt from taxation  
29 under this chapter: all buildings actually used for colleges, schools,  
30 academies or seminaries, provided that if any portion of such  
31 buildings are leased to profit-making organizations or otherwise  
32 used for purposes which are not themselves exempt from taxation,  
33 said portion shall be subject to taxation and the remaining portion  
34 only shall be exempt; all buildings actually used for historical  
35 societies, associations or exhibitions, when owned by the State,  
36 county or any political subdivision thereof or when located on land  
37 owned by an educational institution which derives its primary  
38 support from State revenue; all buildings actually and exclusively  
39 used for public libraries, asylum or schools for adults and children  
40 with intellectual disabilities; all buildings used exclusively by any  
41 association or corporation formed for the purpose and actually  
42 engaged in the work of preventing cruelty to animals; all buildings  
43 actually and exclusively used and owned by volunteer first-aid  
44 squads, which squads are or shall be incorporated as associations  
45 not for pecuniary profit; all buildings actually used in the work of  
46 associations and corporations organized exclusively for the moral  
47 and mental improvement of men, women and children, provided  
48 that if any portion of a building used for that purpose is leased to

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

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

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

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

37

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

39 54:3-21. a. (1) Except as provided in subsection b. of this  
40 section a taxpayer feeling aggrieved by the assessed valuation or  
41 exempt status of the taxpayer's property **],** or feeling discriminated  
42 against by the assessed valuation of other property in the county, **]**  
43 or a taxing district which may feel discriminated against by the  
44 assessed valuation or exempt status of property in the taxing  
45 district, or by the assessed valuation or exempt status of property in  
46 another taxing district in the county, may on or before April 1, or 45  
47 days from the date the bulk mailing of notification of assessment is  
48 completed in the taxing district, whichever is later, appeal to the



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

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

33 (2) With respect to property located in a county participating in  
34 the demonstration program established in section 4 of  
35 P.L.2013, c.15 (C.54:1-104) or a property located in a county  
36 operating under the "Property Tax Assessment Reform Act,"  
37 P.L.2009, c.118 (C.54:1-86 et seq.), and except as provided in  
38 subsection b. of this section, a taxpayer feeling aggrieved by the  
39 assessed valuation or exempt status of the taxpayer's property **],** or  
40 feeling discriminated against by the assessed valuation of other  
41 property in the county,**]** or a taxing district which may feel  
42 discriminated against by the assessed valuation or exempt status of  
43 property in the taxing district, or by the assessed valuation or  
44 exempt status of property in another taxing district in the county,  
45 may on or before January 15, or 45 days from the date the bulk  
46 mailing of notification of assessment is completed in the taxing  
47 district, whichever date is later, appeal to the county board of  
48 taxation by filing with it a petition of appeal; provided, however,

1 that any such taxpayer, or taxing district, may on or before April 1,  
2 or 45 days from the date the bulk mailing of notification of  
3 assessment is completed in the taxing district, whichever date is  
4 later, file a complaint directly with the Tax Court, if the assessed  
5 valuation of the property subject to the appeal exceeds \$1,000,000.

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

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

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

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

34

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

38

39

40

#### STATEMENT

41

42 This bill would reinstate the property tax exempt status of  
43 nonprofit hospitals, including satellite emergency care facilities,  
44 with for-profit medical providers on site. Under the bill, these  
45 hospitals would instead be required to pay annual community  
46 service contributions to their host municipalities to offset the costs  
47 of public safety services, such as police and fire protection, which  
48 directly benefit these hospitals and their employees. The bill would

1 also establish a commission to study this new system and would  
2 also eliminate certain third-party property tax appeals.

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

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

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

38 The bill also establishes a permanent commission, known as the  
39 Nonprofit Hospital Community Service Contribution Study  
40 Commission, to study and issue a report to the Governor and the  
41 Legislature on the annual community service contribution system  
42 created by the bill. The initial report is due within one year of the  
43 effective date of that provision of the bill, and subsequent reports  
44 are due every three years from that effective date. The reports must  
45 include: (1) an analysis of the financial impact of the bill on the  
46 affected hospitals and municipalities; (2) an assessment of the  
47 adequacy of the amount of the annual community service  
48 contributions; (3) an analysis of the administration and equity of

1 these contributions; and (4) any recommendations that the  
2 commission determines would improve the administration, equity,  
3 or any other aspect of the annual community service contribution  
4 system created by the bill.

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

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

16 Lastly, the bill clarifies that the process for challenging the  
17 exempt status of property is the same process for challenging the  
18 assessed valuation of property, consistent with existing practice.