

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 242

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO HOSPITALS; AMENDING SECTION 63-602D, IDAHO CODE, TO REVISE PRO-
2 VISIONS REGARDING HOSPITAL PROPERTY TAX EXEMPTIONS; AND PROVIDING AN
3 EFFECTIVE DATE.
4

5 Be It Enacted by the Legislature of the State of Idaho:

6 SECTION 1. That Section 63-602D, Idaho Code, be, and the same is hereby
7 amended to read as follows:

8 63-602D. PROPERTY EXEMPT FROM TAXATION -- CERTAIN HOSPITALS. (1) For
9 the purposes of this section, "hospital" means a hospital as defined by chap-
10 ter 13, title 39, Idaho Code, ~~and includes one (1) or more acute care, out-~~
11 ~~reach, satellite, outpatient, ancillary or support facilities of such hos-~~
12 ~~pital whether or not any such individual facility would independently sat-~~
13 ~~isfy the definition of hospital.~~

14 (2) The following property is exempt from taxation: the real property
15 owned and personal property, including medical equipment, owned or leased by
16 a hospital corporation or a county hospital or hospital district that is op-
17 erated as a hospital and the necessary grounds used therewith, for the pur-
18 pose of providing twenty-four (24) hour emergency medical care. Administra-
19 tive offices and medical facilities that are not open at all times, whether
20 or not owned and operated by a hospital that owns a qualifying facility, do
21 not qualify for an exemption from taxation under this section, unless they
22 are contained within the same structure as the facility providing twenty-
23 four (24) hour emergency care.

24 (3) If real property, not currently exempt from taxation, is being pre-
25 pared for use as a hospital facility that qualifies for a tax exemption under
26 this section, the value of the bare land only shall be taxed while the prop-
27 erty is being prepared for use as a hospital. All improvements to and con-
28 struction on the real property, while it is being prepared for a tax exempt
29 use as a hospital, shall be exempt from taxation. For purposes of this sec-
30 tion, property is being "prepared for a tax exempt use as a hospital" if the
31 corporation has begun construction of a hospital project as evidenced by ob-
32 taining a building permit that will, on completion, qualify such property
33 for an exemption and, as of the assessment date, has not abandoned the con-
34 struction. Construction shall not be considered abandoned if it has been de-
35 layed by causes and circumstances beyond the corporation's control or when
36 delay is caused by an event that has occurred in the absence of the corpora-
37 tion's willful neglect or intentional acts, omissions or practices engaged
38 in by the corporation for the purpose of impeding progress. Notwithstanding
39 the foregoing, in no event shall improvements to property that is being pre-
40 pared for use as a hospital qualify for an exemption from ad valorem property
41 tax under this subsection for more than three (3) consecutive tax years; upon
42 completion of construction and obtaining a certificate of occupancy, the en-

1 entire real property meeting the requirements of subsection (2) of this sec-
 2 tion shall be exempt from taxation if the corporation meets the requirements
 3 of subsection (4) of this section; provided, property already exempt or el-
 4 igible for exemption shall not be affected by the provisions of this subsec-
 5 tion.

6 (4) The corporation must show that the hospital:

7 (a) Is organized as a nonprofit corporation pursuant to chapter 30, ti-
 8 tle 30, Idaho Code, or pursuant to equivalent laws in its state of incor-
 9 poration; and

10 (b) Has received an exemption from taxation from the internal revenue
 11 service pursuant to section 501(c)(3) of the Internal Revenue Code.

12 (5) The board of equalization shall grant an exemption to the
 13 qualifying property of: (a) a county hospital; (b) a hospital district; or
 14 (c) any hospital corporation meeting the criteria provided in subsections
 15 (2) and (4) of this section.

16 (6) If a hospital corporation uses property for business purposes from
 17 which a revenue is derived that is not directly related to the hospital cor-
 18 poration's exempt purposes as described in subsection (2) of this section,
 19 then the property shall be assessed and taxed as any other property. ~~If prop-~~
 20 ~~erty is used in part by a hospital corporation for such purposes, then the as-~~
 21 ~~essor shall determine the value of the entire property and the value of the~~
 22 ~~part used that is not directly related to the hospital corporation's exempt~~
 23 ~~purposes. If the value of the part that is not directly related to the hos-~~
 24 ~~pital corporation's exempt purposes is determined to be three percent (3%)~~
 25 ~~or less than the value of the entire property, then the property shall remain~~
 26 ~~exempt. If the value of the part that is not directly related to the hospi-~~
 27 ~~tal corporation's exempt purposes is determined to be more than three per-~~
 28 ~~cent (3%) of the value of the entire property, then the assessor shall assess~~
 29 ~~the proportionate part of the property, including the value of the real es-~~
 30 ~~tate used for such purposes.~~

31 (7) A hospital corporation issued an exemption from property taxation
 32 pursuant to this section and operating a hospital having one hundred fifty
 33 (150) or more patient beds shall prepare a community benefits report to be
 34 filed with the board of equalization by December 31 of each year. The report
 35 shall itemize the hospital's amount of unreimbursed services for the prior
 36 year (including charity care, bad debt, and underreimbursed care covered
 37 through government programs); special services and programs the hospital
 38 provides below its actual cost; donated time, funds, subsidies and in-kind
 39 services; additions to capital such as physical plant and equipment; and
 40 indication of the process the hospital has used to determine general commu-
 41 nity needs that coincide with the hospital's mission. The report shall be
 42 provided as a matter of community information. Neither the submission of
 43 the report nor the contents shall be a basis for the approval or denial of a
 44 corporation's property tax exemption.

45 (8) Property exempted under this section or losing an exemption under
 46 this section shall not be included on any new construction roll prepared by
 47 the county assessor in accordance with section 63-301A, Idaho Code.

48 SECTION 2. This act shall be in full force and effect on and after Jan-
 49 uary 1, 2020.