

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 109

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO PROPERTY TAXES; AMENDING SECTION 63-602D, IDAHO CODE, TO REVISE
2 PROVISIONS REGARDING PROPERTY TAX EXEMPTIONS FOR CERTAIN HOSPITALS;
3 AND DECLARING AN EMERGENCY.
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~~
16 ~~by a hospital corporation, or a county hospital, or hospital district that~~
17 ~~is operated as a hospital and the necessary grounds used therewith, and per-~~
18 ~~sonal property, including medical equipment owned or leased by a hospital~~
19 corporation, a county hospital, or hospital district, that is located and
20 used in a hospital.

21 ~~(3) If real property, not currently exempt from taxation, is being pre-~~
22 ~~pared for use as a hospital, the value of the bare land only shall be taxed~~
23 ~~while the property is being prepared for use as a hospital. All improvements~~
24 ~~to and construction on the real property, while it is being prepared for use~~
25 ~~as a hospital, shall be exempt from taxation. For purposes of this section,~~
26 ~~property is being "prepared for use as a hospital" if the corporation has be-~~
27 ~~gun construction of a hospital project as evidenced by obtaining a building~~
28 ~~permit that will, on completion, qualify such property for an exemption and,~~
29 ~~as of the assessment date, has not abandoned the construction. Construc-~~
30 ~~tion shall not be considered abandoned if it has been delayed by causes and~~
31 ~~circumstances beyond the corporation's control or when delay is caused by~~
32 ~~an event that has occurred in the absence of the corporation's willful ne-~~
33 ~~glect or intentional acts, omissions or practices engaged in by the corpora-~~
34 ~~tion for the purpose of impeding progress. Notwithstanding the foregoing,~~
35 ~~in no event shall improvements to property that is being prepared for use as~~
36 ~~a hospital qualify for an exemption from ad valorem property tax under this~~
37 ~~subsection for more than three (3) consecutive tax years; upon completion of~~
38 ~~construction and obtaining a certificate of occupancy, the entire real prop-~~
39 ~~erty shall be exempt from taxation if the corporation meets the requirements~~
40 ~~of subsection (4) of this section; provided, property already exempt or el-~~
41 ~~igible for exemption shall not be affected by the provisions of this subsec-~~
42 ~~tion.~~

1 ~~(4) The (3) A hospital corporation must show that the hospital:~~

2 (a) ~~Is~~ That it is organized as a nonprofit corporation pursuant to chap-
3 ter 30, title 30, Idaho Code, or pursuant to equivalent laws in its state
4 of incorporation; and

5 (b) ~~Has~~ That it has received an exemption from taxation from the inter-
6 nal revenue service pursuant to section 501(c) (3) of the Internal Rev-
7 enue Code.

8 ~~(5) The board of equalization shall grant an exemption to the property~~
9 ~~of: (a) a county hospital; (b) a hospital district; or (c) any hospital cor-~~
10 ~~poration meeting the criteria provided in subsection (4) of this section.~~

11 ~~(6) (4)~~ If a hospital corporation uses property for business purposes
12 from which a revenue is derived that is not directly related to the hospi-
13 tal corporation's exempt purposes, then the property shall be assessed and
14 taxed as any other property. If property is used in part by a hospital corpo-
15 ration for such purposes, then the assessor shall determine the value of the
16 entire property and the value of the part used that is not directly related
17 to the hospital corporation's exempt purposes. If the value of the part that
18 is not directly related to the hospital corporation's exempt purposes is de-
19 termined to be three percent (3%) or less than the value of the entire prop-
20 erty, then the property shall remain exempt. If the value of the part that is
21 not directly related to the hospital corporation's exempt purposes is deter-
22 mined to be more than three percent (3%) of the value of the entire property,
23 then the assessor shall assess the proportionate part of the property, in-
24 cluding the value of the real estate used for such purposes.

25 (5) Property exempted under this section or losing an exemption under
26 this section shall not be included on any new construction roll prepared by
27 the county assessor pursuant to section 63-301A, Idaho Code.

28 ~~(7) (6)~~ A hospital corporation issued an exemption from property tax-
29 ation pursuant to this section and operating a hospital having one hundred
30 fifty (150) or more patient beds shall prepare a community benefits report
31 to be filed with the board of equalization by December 31 of each year. The
32 report shall itemize the hospital's amount of unreimbursed services for
33 the prior year (including charity care, bad debt, and underreimbursed care
34 covered through government programs); special services and programs the
35 hospital provides below its actual cost; donated time, funds, subsidies and
36 in-kind services; additions to capital such as physical plant and equipment;
37 and indication of the process the hospital has used to determine general
38 community needs that coincide with the hospital's mission. The report shall
39 be provided as a matter of community information. Neither the submission of
40 the report nor the contents shall be a basis for the approval or denial of a
41 corporation's property tax exemption.

42 SECTION 2. An emergency existing therefor, which emergency is hereby
43 declared to exist, this act shall be in full force and effect on and after its
44 passage and approval.