

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 658

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO PROPERTY TAXES; AMENDING SECTION 63-602D, IDAHO CODE, TO REVISE PROVISIONS REGARDING PROPERTY TAX EXEMPTIONS FOR CERTAIN HOSPITALS; AND DECLARING AN EMERGENCY.

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

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

63-602D. PROPERTY EXEMPT FROM TAXATION -- CERTAIN HOSPITALS. (1) For the purposes of this section, "hospital" means a hospital as defined by chapter 13, title 39, Idaho Code, and ~~includes one (1) or more acute care, outreach, satellite, outpatient, ancillary or support facilities of such hospital whether or not any such individual facility would independently satisfy the definition of hospital facilities designated by the centers for medicare and medicaid services as critical access hospitals, rural health clinics, or federally qualified health centers. The term "hospital" includes support facilities that are necessary for the operation of such hospital.~~

(2) The following property is exempt from taxation: the real property owned and ~~personal property, including medical equipment, owned or leased by a hospital corporation or, a county hospital, or a hospital district that is operated as a hospital and the necessary grounds used therewith and personal property, including medical equipment, owned or leased by a hospital corporation, a county hospital, or a hospital district that is located and used in a hospital.~~

(3) ~~If real property, not currently exempt from taxation, is being prepared for use as a hospital, the value of the bare land only shall be taxed while the property is being prepared for use as a hospital. All improvements to and construction on the real property, while it is being prepared for use as a hospital, shall be exempt from taxation. For purposes of this section, property is being "prepared for use as a hospital" if the corporation has begun construction of a hospital project as evidenced by obtaining a building permit that will, on completion, qualify such property for an exemption and, as of the assessment date, has not abandoned the construction. Construction shall not be considered abandoned if it has been delayed by causes and circumstances beyond the corporation's control or when delay is caused by an event that has occurred in the absence of the corporation's willful neglect or intentional acts, omissions or practices engaged in by the corporation for the purpose of impeding progress. Notwithstanding the foregoing, in no event shall improvements to property that is being prepared for use as a hospital qualify for an exemption from ad valorem property tax under this subsection for more than three (3) consecutive tax years; upon completion of construction and obtaining a certificate of occupancy, the entire real prop-~~

erty shall be exempt from taxation if the corporation meets the requirements of subsection (4) of this section; provided, property already exempt or eligible for exemption shall not be affected by the provisions of this subsection.

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

(a) Is It is organized as a nonprofit corporation pursuant to chapter 30, title 30, Idaho Code, or pursuant to equivalent laws in its state of incorporation to provide charitable hospital care;

(b) Has It has received an exemption from taxation from the internal revenue service pursuant to section 501(c) (3) of the Internal Revenue Code-;

(c) None of its net earnings and no donations made to it inures to the benefit of private shareholders or other individuals;

(d) It has documentation of:

(i) Financial statements showing all revenue and expenditures, along with descriptions concerning how all such revenue has been used;

(ii) The amount, nature, and uses of donated funds; and

(iii) The hospital's tax exempt status under section 501(c) (3) of the Internal Revenue Code;

(e) Payments made to its officers, employees, contractors, and suppliers are reasonable and not a covert means of making payments to private persons;

(f) The hospital admits and treats members of the public without regard to race, religion, or gender;

(g) Admission and treatment decisions are based on the clinical judgment of its physicians and not on a patient's ability to pay;

(h) Indigent persons receive services free of charge or at a reduced charge in accordance with their ability to pay;

(i) Its policies require that the governing board has a broad-based membership from the community, confers at least annually with the county board of commissioners concerning the community's hospital needs, and maintains a charity plan; and

(j) The total gift to the community exceeds on an annual basis its property tax liability for that year. The total gift includes but is not limited to:

(i) The reasonable value of the hospital's unreimbursed care. In determining this value, standard charges shall be reduced by the average of reductions afforded to all patients not covered by government entitlement programs;

(ii) Volunteer and community service related directly to the hospital;

(iii) Medical discounts; and

(iv) Monetary donations.

(4) The hospital corporation must provide to the board of county commissioners by December 31 of each year a signed statement by the chief operating officer of the hospital corporation that it is in compliance with the provisions of subsection (3) of this section.

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

4 ~~(6)~~ (5) If a hospital corporation uses property for business purposes
5 from which a revenue is derived that is not directly related to the hospi-
6 tal corporation's exempt purposes, then the property shall be assessed and
7 taxed as any other property. If property is used in part by a hospital corpo-
8 ration for such purposes, then the assessor shall determine the value of the
9 entire property and the value of the part used that is not directly related
10 to the hospital corporation's exempt purposes. If the value of the part that
11 is not directly related to the hospital corporation's exempt purposes is de-
12 termined to be three percent (3%) or less than the value of the entire prop-
13 erty, then the property shall remain exempt. If the value of the part that is
14 not directly related to the hospital corporation's exempt purposes is deter-
15 mined to be more than three percent (3%) of the value of the entire property,
16 then the assessor shall assess the proportionate part of the property, in-
17 cluding the value of the real estate used for such purposes.

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

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