

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 739

BY WAYS AND MEANS 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.:~~

(a) A facility that is primarily engaged in providing, by or under the supervision of physicians:

(i) Concentrated medical and nursing care on a twenty-four (24) hour basis;

(ii) Diagnostic and therapeutic services for medical diagnosis and treatment, psychiatric diagnosis and treatment, and care of injured, disabled, or sick persons;

(iii) Rehabilitation services for injured, disabled, or sick persons; or

(iv) Obstetrical care; or

(b) Support facilities that are necessary for the operation of facilities pursuant to paragraph (a) of this subsection.

(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 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~~

1 ~~circumstances beyond the corporation's control or when delay is caused by~~
 2 ~~an event that has occurred in the absence of the corporation's willful ne-~~
 3 ~~glect or intentional acts, omissions or practices engaged in by the corpora-~~
 4 ~~tion for the purpose of impeding progress. Notwithstanding the foregoing,~~
 5 ~~in no event shall improvements to property that is being prepared for use as~~
 6 ~~a hospital qualify for an exemption from ad valorem property tax under this~~
 7 ~~subsection for more than three (3) consecutive tax years; upon completion of~~
 8 ~~construction and obtaining a certificate of occupancy, the entire real prop-~~
 9 ~~erty shall be exempt from taxation if the corporation meets the requirements~~
 10 ~~of subsection (4) of this section; provided, property already exempt or el-~~
 11 ~~igible for exemption shall not be affected by the provisions of this subsec-~~
 12 ~~tion.~~

13 ~~(4) The (3) To receive the exemption provided in this section, the hos-~~
 14 ~~pital corporation must show that the hospital:~~

15 ~~(a) Is It is organized as a nonprofit corporation pursuant to chapter~~
 16 ~~30, title 30, Idaho Code, or pursuant to equivalent laws in its state of~~
 17 ~~incorporation to provide charitable hospital care;~~

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

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

23 ~~(d) It admits and treats members of the public without regard to race,~~
 24 ~~religion, gender, or an individual's ability to pay;~~

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

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

31 ~~(g) For hospital corporations having one hundred fifty (150) inpatient~~
 32 ~~beds or more, the total gift to the community exceeds, on an annual ba-~~
 33 ~~sis, its property tax liability for that year. The total gift shall in-~~
 34 ~~clude but is not limited to:~~

35 ~~(i) The reasonable value of the hospital's unreimbursed care. In~~
 36 ~~determining this value, standard charges shall be reduced by the~~
 37 ~~average of reductions afforded to all patients not covered by gov-~~
 38 ~~ernment entitlement programs;~~

39 ~~(ii) Volunteer and community service related directly to the hos-~~
 40 ~~pital;~~

41 ~~(iii) Medical discounts; and~~

42 ~~(iv) Monetary donations.~~

43 ~~(4) A hospital corporation receiving the exemption provided in this~~
 44 ~~section must provide to the board of county commissioners by December 31 of~~
 45 ~~each year a signed statement by the chief operating officer of the hospital~~
 46 ~~corporation that it is in compliance with the provisions of subsection (3)~~
 47 ~~of this section.~~

48 ~~(5) The board of equalization shall grant an exemption to the property~~
 49 ~~of: (a) a county hospital; (b) a hospital district; or (c) any hospital cor-~~

1 poration meeting the criteria provided in subsection ~~(4)~~ (3) of this sec-
2 tion.

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

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

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